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Founded 1903

Addresses
1999–2000

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THE EMPIRE CLUB OF CANADA

1999–2000

96th Year

HER MAJESTY QUEEN ELIZABETH II
AND PRINCE PHILIP

THE EMPIRE CLUB OF CANADA

Founded 1903

Addresses 1999–2000

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The Empire Club of Canada

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The Pinscher Club of Canada
PRESIDENT'S FOREWORD

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Robert J. Dechert
President, 1999–2000

The Empire Club of Canada
PRESIDENT'S FOREWORD

I am pleased to report that in 1999–2000 the Empire Club continued its long tradition of furthering the public debate on some of the most important issues of the day.

We focussed on issues such as the challenges and opportunities in health care, the latest developments in the new technology economy and international issues such as the Land Mines Treaty, peace in Ireland and the integration of the former communist block countries in Eastern Europe into the post-Cold War world.

The Empire Club has always been a forum for political debate in Canada and the 1999–2000 year was no exception. During the 1999 Ontario election we hosted Premier Mike Harris and Opposition Leader Dalton McGuinty and federally we heard from The Hon. Lloyd Axworthy, MP, The Hon. Allan Rock, MP, The Hon. John Manley, MP, Premier Roy Romanow of Saskatchewan, Preston Manning, MP and The Hon. Stockwell Day, MLA.

Each of these events was widely reported in the media which helped to keep the Empire Club in the public eye as a major venue for free speech and a marketplace of ideas.

When I look back through the pages of our annual yearbooks, I am constantly reminded of how the Empire Club has helped shape the history of Canada and I feel very privileged to have been able to play a small part in the continuation of this proud tradition.

As you know, the Empire Club in any year is not a one-person band. Each successful luncheon was a team effort and I am grateful for the support of our members and guests and especially that of Past Presidents Gareth Seltzer, George Cooke, David Edmison, John Campion and Eric Jackman and of our Vice-Presidents and Directors Catherine Steele, Bill Laidlaw, Ann Curran, John

Koopman, Sandy Cameron, Willis Blair, Ed Badovinac and Monty Larkin.

I wish hereby to thank you all for your tremendous support during what was for me a very rewarding year. I hope that when you read the speeches in this book they will bring back many fond memories for you—as they have for me.

Robert J. Dechert, President 1999–2000

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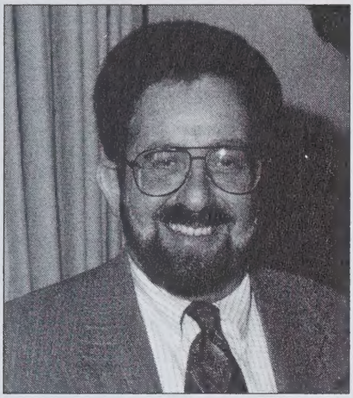


May 6, 1999

Dr. Allen Roses

Vice-President and Worldwide Director,
Genetic Directorate, Glaxo Wellcome Inc.

THE NEW GENETICS: DISCOVERING INNOVATIVE MEDICINES FOR THE 21ST CENTURY

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

David McFadden, QC, Partner, Smith Lyons and a Director, The Empire Club of Canada; Julian Kirk-Elleker, OAC Student, Ursula Franklin Academy; Rabbi Baruch Frydman-Kohl, Senior Rabbi, Beth Tzedec Congregation; Dr. Heather Monroe-Blum, Vice-President, Research and International Relations, University of Toronto; Dr. David B. Shindler, President and CEO, Milestone Media Corporation; Dr. Manuel Buchwald, Chief of Research and Director, Sick Children's Institute; Ken Shaw, National Editor, CFTO Television and a Director, The Empire Club of Canada; Dr. Alan Bernstein, Director, Samuel Lunenfeldt Research Institute, University of Toronto; Dr. Michael Levy, Senior Vice-President, Research and Development, Glaxo Wellcome Inc.; Dr. Bruce Archibald, Assistant Deputy Minister, Ministry of Science and Technology; and Paul N. Lucas, President and CEO, Glaxo Wellcome Inc.

Introduction by Robert J. Dechert

Ladies and gentlemen, many of you will recall that a little more than a year ago the Chairman of Glaxo Wellcome Inc., Sir Richard Sykes, in his address to the Empire Club, described his company's involvement in the Human Genome Project and the many benefits that humankind could expect from genetic research.

Hardly a week passes without the announcement of the discovery of a gene linked to one of medical science's most perplexing diseases. With each new discovery comes the hope that those susceptible to a particular disease can be identified, treated and with the development of gene therapy potentially even cured.

We are very privileged to have with us today one of the world's leading experts on genetic research.

Before joining Glaxo Wellcome in 1998, Dr. Allen Roses was associated with Duke University for more than 20 years as a senior research scientist. He was Chief of the Division of Neurology from 1977 to 1997, Director of the Joseph and Kathleen Bryan Alzheimer's Disease Research Centre from 1984 to 1997 and the Director of the Centre for Human Genetics from 1996 to 1997.

Dr. Roses was one of the first clinical neurologists to apply molecular genetic strategies to neurological diseases. During the early years of recombinant DNA research, Dr. Roses initiated several pioneering studies. His laboratory reported the chromosomal location for more than 15 diseases, including Lou Gehrig's disease. A multi-disciplinary team of Duke University geneticists led by Dr. Roses discovered a susceptibility gene which lowers the age of onset and increases the risk of Alzheimer's disease.

For his contribution to genetic research, Dr. Roses has received numerous prestigious awards including the Metropolitan-Life Award for Alzheimer's disease research and the American Academy of Neurology Potamkin Award for Alzheimer's disease research.

Dr. Roses is currently a member of the Glaxo Wellcome Research and Development Executive Committee and heads the Genetic Directorate. His current research involves genetic strategies for susceptibility gene discovery with respect to Alzheimer's disease and other neurological diseases.

Ladies and gentlemen, please help me in welcoming Dr. Allen Roses to the podium of The Empire Club of Canada.

Allen Roses

Thank you very much. It is an honour to be here. It is not often that I try to explain genetics to a primarily non-scientific audience.

What I would like to try to do today is explain some of the things that are going to happen in medicine in the next five to 10 years. Our primary customer is the patient and the most important part of our work is getting the right medicine to the right patient at the right time for an appropriate cost.

At Glaxo Wellcome I have had the opportunity to see things in a very different manner than I did when I was at the university for 27 years. The opportunity to actually affect medicine development and affect the way government and industry can work together to improve medicine development has been maximised by my being at Glaxo Wellcome.

Many of you probably read a couple of weeks ago (and maybe didn't quite understand its significance) an announcement about the SNP consortium which is a group that has as its founding members the Wellcome Trust, the largest charity in Great Britain for medical causes, and 10 contributing pharmaceutical companies sponsoring research in four genome centres to make a map that would be useful for pharmacogenetic purposes. I am going to explain more about that but it is probably the first time that companies that compete at the end product have declared that certain things like the human genome belong in the public domain. The human genome is not private property and we should treat it in an ethical way in order to be able to get the right drugs for the right patients.

One of the things you should know about the pharmaceutical industry (which I learned when I came into the industry and didn't really realise when I was an academic, even a seasoned academic) is that of 100 molecules that go into development only 10 come out and of those 10 only three are profitable. Of those three only one pays for all of them. There is a blockbuster mentality in the industry and it is a real one because only by maintaining that output can an industry survive.

One of the things that genetics can do is find out what underlying genes are responsible for some of the diseases that we get; not cause a disease but give a propensity or a susceptibility for it.

Most of the genetics work that you have been hearing about or reading about in the newspapers for the past 20 years has identified genes causing monogenic diseases like cystic fibrosis or Huntington's disease. Most of the people who have these mutations actually get the disease sometime in their life.

There are a number of other genes called susceptibility genes. With these you don't necessarily get the disease but have more susceptibility or less susceptibility for the disease depending on which gene flavour you inherit from your father or your mother. Multiple genes contribute to the actual development of these diseases.

This is a different kind of genetics but lay people understand it much better than scientists or physicians. We know cancer runs in some families. We know Alzheimer's disease and heart disease runs in some families. These are not monogenic-inherited diseases but some families have a greater susceptibility for these diseases.

With the genome project sequencing the whole genome, we now have a chance to study the hundred thousand plus genes that are there. As a company we are interested in the 30 or 50 genes that are most likely to help us find targets that we can screen to develop medicines related to certain diseases. Rather than try to own the whole human genome we're trying to hasten the time taken to find what those particular genes are and work on them for disease targetting. At the present time targets are basically like hypotheses were at the university. People believe in them but their beliefs could be wrong. They can have great arguments for them but many of those arguments can be fairy tales. If we can get genetically relevant targets we can get a better hit rate and from that hit rate get more drugs that are going to help in more diseases.

In order to do that Glaxo Wellcome started a programme which is I think the only one in the industry. We took half the genetics budget and decided to place it in academia. We didn't think that companies should be owning DNA from people. We didn't think that companies should have access, direct access, to Mrs. Smith's medical record. There was a type of research that could be done in universities that we needed to be able to access but we didn't need to have the data sitting in the company. We formed what are called genetic networks, Glaxo Wellcome genetic networks.

We have three components to these networks. We got together the best academics worldwide that had an interest in accessing patients and their families. We got together a few laboratories set up as screening laboratories to do all the DNA screening for the networks. We took about 10 of the 15 people in the world who are really super at genetic epidemiology and made them non-exclusive consultants to do these projects for us. We provided support and we provided money to get this done, to centralise some of the things and to make sure that everybody was relatively happy and that all academic demands that ought to be in the system were adhered to.

From my point of view it's the perfect system that I would've wanted if I were still at Duke University. I have access to my own data. I have access to my own DNA. I can do anything I want with it except do a linkage study. The linkage study is what the company will do with this to narrow down the place on the human genome where the genes for a particular disease are found. We're using something called a SNP map. A SNP map is basically a single nucleotide polymorph, a variation, something that we can experimentally tell apart. This third generation genetic mapping promises a means of targeting the right medicine to the right patient, truly individualising treatment.

The big problem that people have once they get linkage information is they don't know how to narrow it down with current techniques. They use the candidate gene approach. They pick a gene. They think it is important and make up all the reasons in the world why they think it's important. They submit a grant, get paid for it, study the gene and it's not the gene. Or even worse they report it as the gene and somebody or a bunch of people say it isn't. Most of the reports you've read for instance about Alzheimer's disease recently are from genes that have not been confirmed and confirmation is the name of the game.

Once we get these linkage areas using a very fine, very dense map, we can find a small area that is easier to work with to find genes. We've done that. I'm not going to tell you about that but it works.

A SNP map is like a fingerprint or a profile. Using a SNP map you can measure people who have some sort of clinical response and compare them to people who don't get the clinical response and start targetting medicines. What do I mean by that?

There are really two things to look for—effective drugs and adverse events. We do about 20 per cent of our clinical studies here in Canada. It's a very important part of what we do. We had 20-per-cent responders in a phase 2 study, an early study where we just looked for response. One hundred people responded and 400 people didn't respond, We can take the DNA of each of those two groups, do a profile, compare the profile and see if we can get specific regions mapped in the people who responded so we can abstract those regions into a much smaller test and be able to pick out people who are most likely to respond to the medicine. Then when we do our clinical trials we would not subject as many people to the medicine. The trials would be smaller, faster and cheaper.

That's going to require some proof of concept and what we're doing in proof of concept is something totally different. Other companies are doing the same thing. We have a drug that is an incredibly good anti-convulsant for epilepsy. We've got a problem with that drug; not a big problem but a small type of problem that keeps a very good drug from being a blockbuster. As a neurologist I can tell you that that drug is probably the best drug for certain forms of epilepsy that are commonly found in the population with fewer side effects than many of the other drugs. It is commonly used but why isn't it the blockbuster that everybody uses right off the bat?

It is because about 2 per cent of patients get an itchy skin rash. If you're a doctor and you see a lot of people with epilepsy you certainly don't want 2 per cent of them calling on the phone questioning what kind of doctor you are because they've got this itchy skin rash. The drug gets used in a dose escalation by experts but it doesn't necessarily get used by the general doctors who don't want to get involved in dose escalation or don't want to hear that they are not a good doctor for giving someone a rash. What are we going to do?

Using the 100 people who got the skin rash and the 200 people who took the drug but didn't get the skin rash, a SNP map from the SNP consortium is obtained and can be used to determine the profile of people who get the skin rash. From a blood sample it can be determined that you are not going to get the skin rash and can take the drug. You avoid dose escalation, you avoid the nasty telephone calls in the middle of the night, and you become a happy user of a very good and otherwise safe drug.

The consortium is working to develop and make the SNP map freely available. We will have a SNP map that's useful in less than two years. We are developing ways of reading the map in order to construct profiles. If we can bring individualised medicine, customised medicine, safely and efficaciously to the population the pharmaceutical industry is doing something good and I'm very very happy that Glaxo Wellcome is at the head of that movement.

Thank you very much.

The appreciation of the meeting was expressed by Ken Shaw, National Editor, CFTO Television and a Director, The Empire Club of Canada.

Dr. Michael Levy, Senior Vice-President, Research and Development, Glaxo Wellcome Inc., Dr. Allen Roses, Vice-President and Worldwide Director, Genetic Directorate, Glaxo Wellcome Inc. and Dr. Heather Monroe-Blum, Vice-President, Research and International Relations, University of Toronto.

May 12, 1999

Mike Harris

Premier of Ontario

STRONG LEADERSHIP FOR A STRONG ONTARIO

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

George L. Cooke, President and CEO, The Dominion General Insurance Company of Canada and Immediate Past President, The Empire Club of Canada; Chris Cowperthwaite, OAC Honour Roll Student and President of the Student Council, Lawrence Park Collegiate Institute; The Reverend Dr. John Gladstone, Minister Emeritus, Yorkminster Park Baptist Church; Frank Dimant, Executive Vice-President, B'Nai Brith Canada; Doug Rice, General Manager, Private Banking, Canadian Imperial Bank of Commerce; Jim Jones, MP, Member of Parliament, Markham; Janet Harris, Spouse of Premier Harris; Gareth S. Seltzer, Vice-President, Private Wealth Management, Guardian Capital Advisors and a Past President, The Empire Club of Canada; Durhane Wong-Rieger, PC Candidate, Toronto Centre—Rosedale and President, Canadian Hemophilia Society; Carmen Yarley, Earth Boring Company Limited; The Hon. William G. Davis, QC, Former Premier of Ontario, Partner, Tory Tory DesLaurier and Binnington and Honorary Solicitor, The Empire Club of Canada; and Scott Joliffe, Managing Partner, Gowling Strathy & Henderson.

Introduction by Robert J. Dechert

Ladies and gentlemen, you may recall that Mike Harris last addressed The Empire Club of Canada in 1995 prior to the general election.

Ontario was in rough shape. The economy was still struggling from the severe recession of the early 90s, Ontario's personal, corporate and payroll taxes were at record highs and employment and job creation were at record lows.

Mike Harris presented to us his Common Sense Revolution plan to restore Ontario as the engine of growth of the Canadian economy. His plan included an aggressive restructuring of government combined with deficit and tax reduction.

Mike Harris was not the first politician to promise to reduce taxes; understandably, Ontarians were sceptical. But Mike Harris connected with the voters of Ontario on a number of levels because his ideas—although new to government—seemed to have a common wisdom about them. They struck us as being derived from the basic truths we all knew instinctively—the rules that we all live our lives by—but could we trust him to deliver on his promises? Well four years later, regardless of how you feel about the implementation of the policies of the Harris government, you have to admit Mike Harris has done what he said he was going to do. Imagine that—a politician whose word you can trust!

As promised, the Harris government cut the provincial income tax rate by 30 per cent. At the same time, Ontario's 1995 budget deficit of $11.3 billion has been substantially reduced and is on track to be balanced in 2000.

More than 540,000 jobs have been created in Ontario over the last four years reducing unemployment in Ontario to 6.4 per cent, its lowest rate in a decade.

Not surprisingly, consumer confidence is back, housing starts are up and Ontario is once again leading Canada and outperforming each of the G-7 nations in terms of its annual rate of economic growth.

Ontario is clearly back on track, but just as clearly, there is more to do.

Less than two weeks ago, Premier Harris released his Blueprint plan for strengthening our economy, creating more jobs and making Ontario a better place in which to live. And true to his word Mike Harris has called the general election for June 3rd to allow the voters of Ontario to judge the past performance of his government as well as his plan for the future.

Premier Harris has graciously agreed today to outline the highlights of his Blueprint plan for us.

Ladies and gentlemen it is my very great honour and privilege to call on The Honourable William Davis to share with us a few of his personal observations and to welcome Premier Harris to the podium of The Empire Club of Canada.

The Hon. William Davis made some remarks.

Mike Harris

Good afternoon everyone. First, let me thank The Honourable Bill Davis for that very kind introduction. I want to say how much I appreciate the former premier coming here today.

I served with Bill Davis and I've learned a great deal from him. He is a man who made us all proud to be Ontarians, a premier whose tremendously positive legacy still remains to this day and a leader that every premier who has followed looks to with the greatest respect and admiration.

It's a pleasure to be speaking to the Empire Club today. The last time I spoke at this prestigious platform was in May, 1995 in the midst of a provincial election. It has been an honour to address this respected organisation on issues facing our province and our country.

This afternoon is no exception. In fact, the choices that we must make have never been more urgent or important. On June 3rd, the citizens of this province will have an opportunity to choose a detailed, balanced plan that will keep our economy growing and strong; a plan that by maintaining our economic momentum will protect those things that make Ontario the envy of the world. That plan is our Blueprint for a better quality of life. It is our Blueprint for a better Ontario.

Ladies and gentlemen, I've been sitting in the premier's chair for four years. It is a challenging job. As premier, I have made difficult but necessary changes that have attracted a lot of attention—attention from some of the people outside this hall today. They are usually around wherever I travel and speak. Some of them may have spoken to you on the way in. They have strong views. I respect that. Those who disagree with my party's vision or the job I have done as premier have every right to express their views. Certainly, they haven't been shy in doing so.

Let me say this, however. During my four years as premier, I've dealt with the people who organise these demonstrations. They are forceful. They are well-financed. They are well-organised. They know what they want and when they want it. As premier, you must always be prepared to listen to all viewpoints—not just the loudest or the most threatening. And you must make decisions which you know at the end of the day will benefit all the people of Ontario.

I can tell you from doing this job that if you give in to pressure and don't do what you know is right, these folks will sense weakness and they'll push any premier and any government around on every decision, every day of the week. If Ontario's leadership caves in, if you let them drown you out, if you let them drive decisions, the people who'll really pay the price are the people who quietly go about their lives—those who work a full day, pay their taxes, respect our laws and pull their weight in our communities.

The commitment I made in becoming premier was never to forget the people who sent me to Queen's Park. I was sent to turn Ontario around by people who by and large don't attend protests, by people who don't get covered on the nightly news. I know them and they know me. And I believe in them. I believe in their hopes; I believe in their dreams. They are the mainstream of Ontario and I have tried in my own way to provide them with a say in Ontario's future. I work everyday on behalf of the people who are not represented by the demonstrators outside this hall. I have stood up for those who know all too well what taxing and spending and pandering to the special interests and unions did to Ontario for far too long. On their behalf, with their continued confidence and support, I will re-dedicate myself to continuing the work of keeping Ontario on the right track.

The people outside and my political opponents paint a pretty negative story about Ontario and where it stands. As I travel Ontario, however, I have to say that I hear a very different story. Mr. Davis, there was a tremendous pride and optimism in our province when you were premier—thanks to your leadership. For 10 years after you left Queen's Park, however, Ontario lost its place. We did not move forward. We did not get stronger. In fact, with all the tax hikes and red tape we grew weaker. Today, however, I am pleased to say that the pride and optimism of the people of Ontario are back and we are getting stronger every day.

That optimism is also returning to our business people. Let me tell you about one company, whose owner recently wrote to tell me her story.

This company started as a family-run business in 1947 and is still a family-run business today. Mrs. Carmen Yarley, whose husband Tom passed away recently, now runs this business with her son. I am so pleased that she has joined us today at the head table. I'm sure Mrs. Yarley won't mind me saying that her business isn't very exciting because it's "boring." That's what they do; they bore holes into the ground. I told you it wasn't very exciting.

They have worked together as a family, year after year, using their skills and working hard, taking pride in their work, helping to build a strong Ontario, providing a good living for their family and for the workers they hired. On weekends, the Yarleys would invite their employees and their families over for barbecues and a few laughs. They cared about their workers, and worked hard to bring in business, knowing that their workers' livelihoods depended on their success.

But just as things were starting to go really well, just as they were starting to make some good money for their families, in came the red tape, the regulations, and the job-killing taxes of the 80s and early 90s. Mrs. Yarley said in her letter to me: “We were taxed to death and contracts were scarce.” They nearly went bankrupt. They saw no future in Ontario and seriously considered moving south of the border, taking their jobs and expertise with them.

Happily, they didn’t because they saw hope. In 1995, along came a new team with a plan to lower taxes, reduce job-killing red tape and stand up for the real needs of hard-working, middle class people in Ontario. Mrs. Yarley says that by eliminating the Liberal’s job-killing EHT payroll tax, we helped them save enough money to buy some new machinery. They found that suddenly the whole economy was turning around. With more construction, demand for their services was going up again.

Our plan was working. It was saving companies just like the Yarleys’ business and creating jobs. Since we’ve come to office, the Yarleys have been able to hire three additional workers. Three new jobs may not sound a lot, but to the Yarleys it is almost a 50-per-cent increase in their staff and to the families those jobs now support, they mean everything.

Ladies and gentlemen, four years ago our province was in shambles. We developed a plan to turn our province around. The people of Ontario put their trust in that plan and voted for it. Since 1995, we’ve implemented the plan and it has worked. Growth has returned to our economy. Confidence is back. People have hope. Today, Ontario’s economy leads Canada and outperforms the other industrialised countries of the world. Just last week, we learned that Ontario’s GDP growth is double the rest of Canada.

However, we can’t take our progress for granted. We can’t afford to coast. We must keep moving forward by cutting taxes and removing barriers to growth because, as much as we have accomplished, there is still more to do. We still have a long way to go to reduce residential property taxes, to reduce marginal tax rates and to reduce the number of people trapped in the cycle of welfare dependency to the levels under Mr. Davis in the 1980s.

Now—as Mr. Davis used to say—I'm feeling a little awkward here about being partisan. Although this is not a partisan event, we are in the middle of an important election—an important choice for Ontarians. While I want to keep Ontario's economy healthy and performing at peak condition, let me tell you about a couple of guys who want to take our strong economy out for a night on the town. And they don't seem worried about how Ontarians are going to feel the next morning. Howard Hampton and Dalton McGuinty think the tax-and-spend frenzy is back on. And their inexperience and underdeveloped approach would reverse our hard-won gains.

Mr. McGuinty and the Liberals voted against all of the initiatives that we've taken to get Ontario's economy rolling. They voted against all our legislation to get Ontario back on the right track. They voted against every single one of our tax cuts. Dalton McGuinty went on television and said: "Don't look to me for a further tax cut. I'm not the 'tax-cut guy.'" Mr. McGuinty said: "Mike Harris, he's the 'tax-cut guy.'"

Well, I am the "tax-cut guy" because tax cuts put more money into the pockets of hard-working families. I am the "tax-cut guy" because tax cuts increase take-home pay and stimulate economic growth. You're darn right I'm the "tax-cut guy" and let me tell you why. Tax cuts create jobs—more jobs for a province that lost too many jobs before we came to power. Ladies and gentlemen, Ontario needs more tax cuts to undo the damage of the Liberal and NDP tax hikes from 1985 to 1995.

We live in a volatile global economy, in which we are competing for jobs and investment with the rest of the world. Ontario must stay competitive. If our taxes are too high, jobs, growth and wealth will go elsewhere. And that reduces our ability to pay for first-class health care. We need tax cuts to stay competitive. Tax cuts are our recession protection.

The Liberals and the NDP just don't get it. They haven't learned from the people who told them they'd had enough of their irresponsible and extravagant promises, their taxing and spending, their inability to get their numbers straight. And, let there be no doubt—the Liberals will give us deficits, higher taxes and overspending. With Howard Hampton, it's more—a lot more—of the same taxing and spending agenda. Simply put, Ontario cannot afford Dalton McGuinty. Nor can we afford Howard Hampton.

Unlike our Blueprint, their election documents barely mention jobs and economic growth. Jobs and growth don't magically appear out of thin air. They require a strong plan designed to build economic growth and stimulate job creation. The NDP and the Liberals think the economy will grow by magic. They think we can close our eyes, cross our fingers and wish for economic growth. Well, it just doesn't work that way! My political opponents have no real plan for job creation. What they do have is a list of expensive promises—some of them in their platforms and some of them hidden—that can only lead to higher taxes, runaway deficits, or both.

The Liberals have said that our tax cuts are "loony." And whenever I hear Liberals say that tax cuts are "loony," I'm reminded of something that's very important to me. This is my loonie jar. I keep this jar in my office and I carry it with me when I'm on the road. It reminds me of the people I am working for every day—hard-working, middle-class Ontario families that need, and deserve, a tax break. After all, this is their money taken away from them by excessive taxation and they deserve it back.

This loonie jar contains $1,385. Compared to 1995, that's what the typical, hard-working Ontario family will save because of our 30-per-cent cut to income tax rates. I'm going to add another jar to that—one containing $625. It's filled with even more money that will be returned to the people who earned it. That's because we will cut the provincial income tax rate by another 20 per cent beginning on July 1 and phased in over the remainder of the next term. This $625 represents the full-year savings for a family earning $60,000.

But we're not going to stop there. We'll also cut the provincial portion of residential property taxes by 20 per cent—providing relief to every homeowner and renter in Ontario.

Ladies and gentlemen, the debate's over. Tax cuts create jobs And these new tax cuts are key components of our Blueprint. This is our plan. It's our plan to keep our economy strong, and to keep Ontario strong. I want you to read this plan. I want you to compare it to the other parties. I know you will agree that this is a balanced plan to ensure continued prosperity and growth. It is a plan for safe schools and quality education. A plan for a 20-per-cent increase in health funding. A plan to get people off welfare and into meaningful work.

If I've learned anything since first becoming premier it's that if you don't know where you're going, you'll never get there. If you don't stand for something, you'll fall for anything. If you don't believe in what you're doing, there's no reason that anyone else should either. These lessons really just reinforced what I learned from my mother and father, growing up and working in North Bay.

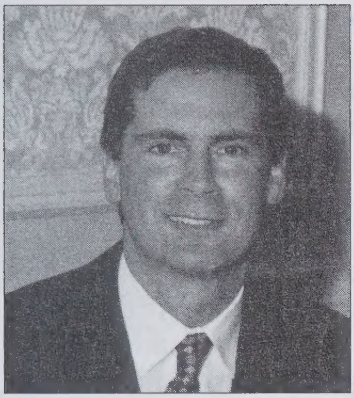
I am intensely proud to be premier of this province. I want us to continue to work together. I want us to continue to build an Ontario that is full of opportunity and hope and confidence.

Ontario may have lost its balance in the 10 years after Mr. Davis left Queen's Park, but together we have put Ontario back on the right track. We are once again leading this great country of Canada. And our Blueprint will maintain our momentum, boost confidence and build a brighter future for every Ontario family.

Thank you.

The appreciation of the meeting was expressed by George L. Cooke, President and CEO, The Dominion General Insurance Company of Canada and Immediate Past President, The Empire Club of Canada.

The Hon. William G. Davis, Q.C., Former Premier of Ontario, Partner, Tory Tory Deslauriers & Binnington and Honorary Solicitor, The Empire Club of Canada, Robert J. Dechert, President, The Empire Club of Canada and Partner, Gowling Strathy & Henderson and Willis Blair, Vice-President, Toronto East General Hospital Foundation and Director, The Empire Club of Canada.



May 20, 1999

Dalton J.P. McGuinty

Leader of the Official Opposition in Ontario, Leader of the Ontario Liberal Party

LEADERSHIP IN ONTARIO

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

John A. Campion, Partner, Fasken Campbell & Godfrey and a Past President, The Empire Club of Canada; Chris White, OAC Student, Special Arts Programme, Central Technical School; Reverend Dr. John Niles, Victoria Park United Church; Judi Longfield, MP, Member of Parliament, Whitby-Ajax and Co-Chair, Liberal Party Campaign; Ken Rosenberg, Partner, Gowling Strathy & Henderson, Toronto Office; Henry Pankratz, Deputy Chairman, Ernst & Young; Terri McGuinty, Spouse of Dalton McGuinty; Bob Wong, Deputy Chairman, Glenn-Ardith Frazer Foundation; David Wilson, President and CEO, Scotia McLeod Inc.; The Hon. David Peterson, Former Premier of Ontario and Chairman, Cassels Brock & Blackwell; and Peter Lukasiewicz, Managing Partner, Gowling Strathy & Henderson, Toronto Office.

Introduction by Robert J. Dechert

When I was growing up in the 60s, I was taught to respect the local member of parliament regardless of whether or not he or she was a member of the party that my parents supported. Canadians realised that the men and women who served our city, province or country in elected office did so at great sacrifice to themselves and their families.

Over the last 30 years, as a result of a few bad experiences (some beyond our borders) we have all become very cynical about the motivations of our political leaders. Political discourse has become coarse and often devolves into mean-spirited personal attacks. I believe that this is a great tragedy.

In my experience, I have found the great majority of men and women who seek elected office to be motivated by the highest principles of public service. Why else would any sane person voluntarily submit to the long hours, low pay, career disruption and separation from family to seek elected office? In my view, these men and women make these sacrifices out of a deep sense of duty, honour and public service—and for this, regardless of whether or not we agree with their specific ideas or policies—they deserve our respect.

Dalton McGuinty learned about serving others at an early age, as the third of 10 children, helping his mother to care for his nine brothers and sisters. Mr. McGuinty was born in 1955 in Ottawa. He met his wife, Terri, while attending St. Patrick's High School in that city. They were married eight years later and today they have four children: Carleen, Dalton Jr., Liam and Connor. As a student, Dalton worked as an orderly at Rideau Veterans Hospital tending to the needs of war veterans. He earned a Bachelor of Science degree in Biology at McMaster University in Hamilton and a law degree from the University of Ottawa. He has also taught business law at Carleton University. Following his call to the bar, he founded the law firm of McGuinty & McGuinty in Ottawa with his brother Dylan.

Mr. McGuinty's father, Dalton Sr., had been elected the MPP from Ottawa South in 1987 and served until his sudden death in 1990. Later that year, Mr. McGuinty succeeded his father as the Member for Ottawa South. Dalton has continued his record of public service by sponsoring a number of private member's bills including a bill making it easier for large companies to donate to food banks. In addition, his ideas were incorporated into the Tobacco Control Act, making it tougher for kids to get hooked on cigarettes.

On December 1, 1996, Mr. McGuinty was elected on the fifth ballot as the new leader of the Ontario Liberal Party. Mr. McGuinty has agreed today to outline for us the highlights of his 20/20 Plan for the future of Ontario.

Ladies and gentlemen, please help me in welcoming Mr. Dalton McGuinty to the podium of The Empire Club of Canada.

Dalton McGuinty

Thank you very much for your warm welcome.

Distinguished head-table guests, ladies and gentlemen, I really appreciate the opportunity to be here. It's the first time I have had the privilege of speaking to the Empire Club and I must tell you that my children are thoroughly impressed. When I informed them that I would be at the Empire Club, they said: "That's amazing! Can you get tickets to that movie this week?"

I want to take the opportunity to jump right into this. I want to take the opportunity to get something off my chest—and I don't mean padding. That's something I save for my shoulders. I want to talk about the election and where I want to take the province with your support on June 3rd.

I believe that this is the most important election campaign in the history of our province. This election is not only going to decide what government we are going to have but what kind of province we are going to have. We can be a proud province or act like we are just another state. We can lead the world or we can follow New Jersey. We can provide opportunity for our children or we can scapegoat those living on the edges. We can choose dignity for our sick or we can leave them on the stretchers in emergency room hallways. We can choose to bring people together or continue to pit one group against another. We can choose to put people first or we can choose another four years of mean-spirited, shortsighted government.

There is a very clear choice in this election and it has everything to do with leadership. Mike Harris has said that he has provided and will continue to provide strong leadership. It seems to me that strong leadership would demand that we do something to help the 500,000 Ontario children growing up in poverty. On that score, Mike Harris has promised to arrest and jail a few thousand squeegee kids and pan handlers.

Strong leadership understands that it is wrong to create or reinforce negative stereotypes. Mike Harris eliminated a $37-a-month nutrition allowance for welfare mothers because, as he said, they will only spend it on beer. Last election he said that we should fingerprint Ontarians on welfare. This election he is saying we should test them for drugs.

Strong leadership understands that when it comes to the education of our children, we will never bring out the best in them, unless we get the best out of teachers. Mike Harris has, for purely political purposes, waged a war on teachers for four years now. And our kids continue to pay the price. Strong leadership demands that we do everything to make our communities safe and that we do so without exploiting people's fears.

Mike Harris tells us that crime is up, when our police are telling us that crime is down. And because the gun lobby has demanded it, Mike Harris has changed the law to allow 12-year-olds to use firearms in Ontario. And because the gun lobby has demanded it, Mike Harris is fighting gun control in court—a law that everybody else, including our police, supports.

Strong leadership demands that we do the right things for the right reasons. When Mike Harris was approached by the Dionne sisters and by Ontarians infected by Hepatitis C, he said those people are not getting any money, not now, not ever. In both cases, Mike Harris later changed his mind, not because he saw the light, but only because he felt the heat.

Strong leadership demands that we bring people together to better enable us to meet our province's challenges. Mike Harris has divided our province and pitted us against each other. Mike Harris tells us on a daily basis whom we should be against.

He says that we should be against unions, because unions can never help. They only stand in the way of making our province better.

He tells us that we should be against teachers because teachers belong to unions.

He tells us that we should be against nurses, especially those who complain about his cuts, because they are only bleeding hearts.

He tells us we should be against defence lawyers because they are hung up on this notion that people should somehow be presumed innocent until proven guilty.

He tells us that we should be against municipal politicians and locally elected trustees because these people are know-nothing busybodies who only know how to raise our taxes.

He tells us that we should be against parents who fear he is harming education because they are misinformed and don't understand. And it is very likely that they are listening to their union bosses.

He tells us that we should be against young people who say he is cutting off their educational opportunities. Because after all these young people don't know their place.

He tells us that we should be against sick people and their families who complain about Mike Harris's cuts to their health care, because these people are whiners and because these problems have always been around anyway.

He tells us that we should be against disabled Ontarians who say that he let them down, because those people are just too demanding.

He tells us that we should be against people, including doctors, who speak out against pollution in the air we breathe and the water that we drink, because, as everybody knows, pollution and illness are the price we pay for a growing economy.

At the end of the day Mike Harris says that we should be against those people who are against him because, in the end, they are all just special interests.

I take a different view when it comes to strong leadership. It seems to me that the responsibility of leadership is not to take sides but to bring sides together. Just think for a moment about the opportunities that are facing us in the 21st century and all that we might bring to that challenge. Does anybody here honestly believe that we can continue to enjoy the luxury of infighting and bickering? With all we have to offer our people in the new millennium, do you honestly think we can afford to continue down the path we have been following?

Mike Harris likes to say that he has got secret deals with union bosses. Well, I want to be on the record. I want to make people understand that from my perspective it is absolutely essential that I have labour at the table. But I also want business at the table. I want nurses at the table. I want teachers at the table. I want doctors at the table. I want farmers at the table. I want miners at the table. I want the forestry people at the table.

One of Mike Harris's cheap political tricks is to stand in front of a room and target the gut area. He will do whatever he can to elicit a visceral response. He says that we could improve things if we did something with a particular group of people or better still we could improve things if we did something to those people.

It seems to me that fundamentally the job of the leader is not to elicit a visceral response. It is not to reflect the worst; it is to bring out the best. Maybe I am a little bit old-fashioned about this, but it seems to me that the premier of Ontario should be someone that people can look up to, somebody who sets a high moral tone.

Mike Harris is saying that if you elect a Liberal government led by McGuinty that will hurt the economy. I find that offensive. I understand that real leadership means putting people first and people depend on a strong economy. Good health care and education depend on a strong economy and I will do nothing to put our health care and education at risk.

I have had the opportunity to travel the province for about two and a half years on an on-going basis. And I can tell you that when it comes right down to it, people really don't ask for a lot from government. But there are two things in particular that they insist they should be able to count on. One of those is health care and the other is education.

If anybody doubts the value of public health care and public education then look around this room and ask yourselves how many of us here today would enjoy the quality of lives we lead if our parents had to pay for private schools and private hospitalisation.

My parents had 10 kids, lots of ambition for us, a solid work ethic and no money. That was almost enough to get by. But they needed a couple more things—health care and education. Public health care and public education. I can recall when one of my younger brothers got very sick. We didn't have to sell the house. We didn't have to consider putting a third mortgage on the family home. My parents' children have all met with success as a result of the opportunities that we found in Ontario, apart from the fact that four of us have become lawyers. The rest are successful however.

I don't feel that I have a responsibility to provide our young people with a job, to guarantee them a living. But I do feel that collectively we should provide them with opportunity. We owe them opportunity. That's called education—public education. We extend the ladder. They do the climbing. We provide the opportunity. They do the work.

There is something at the bottom of that ladder. It is health care. We want everybody on that ladder. We want them reaching, extending, being ambitious, being entrepreneurial, making the best of themselves. I don't want

Ontarians to worry about what is going to happen if their mother gets sick. I want to provide them with the guarantee that we will have quality health care in place.

Mike Harris is sawing away on the education ladder and cutting huge holes in the health-care net. Let me give you just a couple of examples. Today, in Ontario it costs $44,000 in tuition alone to become a doctor; $55,000 in tuition alone to become a dentist.

I think it is important to remember the examples set by previous governments who acted both out of enlightened self-interest and with a sense of responsibility, when they ensured that colleges and universities were affordable for the younger generation. I don't want to go home and tell any of my four teenagers: "Sorry, you see that programme. You've got the brains and I know you've got the work ethic, but we can't afford that programme. That one is not available to you."

I don't think any Ontarians want that to happen. I think Ontarians now understand implicitly that if we are going to cut it in the 21st century, we've got to invest in our people. We've got to develop the highest degree of brainpower that we possibly can. That's not happening today. We want to reduce tuition by 10 per cent and we are going to bring funding up in our colleges and universities to the national average instead of being at the bottom.

When I kicked off my campaign, I did it at the steps of a hospital in Hamilton. And I did it there because two weeks prior there was an elderly gentleman 87 years of age who died in that hospital after spending two and a half days on a stretcher in the emergency room. For two and a half days, there was no bed available for him. For two and a half days, his daughters were with him at his side. And when he died, the only thing that separated them from the busy hustle and bustle of an emergency ward was a cheap, rose-coloured curtain. All that man asked for and all his children asked for on his behalf in the end was a bed. That man, that grandfather, that father had played by all the rules. He'd struggled to raise his family and paid a lot of money in taxes. He paid for his bed. The bed should have been there for him. The bed should be there for you and me if we should ever need one.

We are going to introduce quality health-care standards guaranteed by law into our province for the first time ever to make sure that never happens again. We are going to do the right things in the right order. We are going to invest in health care and education. We are going to repair and improve health care and education—things that Ontario families have to be able to rely on.

Next thing we are going to do is we are going to balance our budget. Mike Harris has us on track today to be the last province in the country to balance our budget. He has added $24 billion to our debt. He has gone to international markets and borrowed $10 billion for a tax cut. So, if anybody here thinks that he has got it right on the fiscal front, think again.

Economists tell us that our economy will continue to grow. This is what we are going to do with the surplus: 55 per cent will be invested in Ontarians' priorities—primarily health care and education. Twenty-five per cent will be devoted to tax relief targeting middle- and low-income earners—those who have been hit hardest by Mike Harris's cuts. And the final 20 per cent will be devoted to debt repayment in a "rainy day" fund. Just as surely as night follows day, there will be another economic downturn. I think it is important to get ready for it.

Health care and education. Health care and education before tax cuts. Those are our priorities. Those are the priorities shared by the people of this province.

Fundamentally, if you stop to think about it, I don't think people are asking for a great deal. They just want to know that their kids are going to get the best possible schooling and be able to go on to college and university and enjoy all of the opportunities that you and I enjoyed.

People are also asking that if you take your mom to the hospital and she's there at 3:30 in the morning, if she presses the buzzer there will be a nurse available who will come to her bedside. They are asking that if you take your daughter to the emergency ward you won't be checking into a waiting room and will be assessed in a timely way.

I am convinced that the greatest strength in our province is found in its people. You want to have a strong province? Make your people strong. Invest in their health care, invest in their education. That's what our 20/20 Plan is all about.

I was saying at the outset that this election is all about leadership. I can tell you that on the basis of my travels people are looking for genuine leadership. Leadership that knows the difference between strength and brute force. Leadership that knows that listening to people really does matter. Leadership that knows that what matters most is opportunity for our kids and dignity for our sick. That's the kind of leadership I am going to bring to Ontario. That's the kind of Ontario I will build.

Ladies and gentleman, I thank you and I ask you for your support.

The appreciation of the meeting was expressed by John A. Campion, Partner, Fasken Campbell & Godfrey and a Past President, The Empire Club of Canada.

May 26, 1999

A joint meeting of The Empire Club of Canada and The British Canadian Chamber of Trade and Commerce

The Rt. Hon. David Trimble

First Minister (Designate) of the
New Northern Ireland Assembly

NORTHERN IRELAND—OPEN FOR BUSINESS

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

Montague Larkin, C.A., Recently Retired Executive Director, The Ireland Fund of Canada and a Director, The Empire Club of Canada; Afjal Mohammad, Honour Roll Student, West Toronto Collegiate Institute; The Reverend Charles R. Plaskett, Minister Emeritus, Timothy Eaton Memorial United Church; Alison Metcalfe, Director for Canada, Northern Ireland Tourist Board; John Smith, Senior Manager, Global Private Banking, Royal Bank of Canada and President, British Canadian Chamber of Trade and Commerce; Robert P. Kelly, Vice-Chairman, Retail Banking, Toronto Dominion Bank and a Director, The Empire Club of Canada; Thomas Savage, Chairman, Northern Ireland Partnership and Immediate Past Chairman, Ireland Fund of Canada; and Terry Curran, British Consul General and Chief Commercial Officer for Canada.

Introduction by Robert J. Dechert

Ladies and gentlemen, it is a very special honour for me to welcome you today to this joint luncheon meeting of The British Canadian Chamber of Trade and Commerce and The Empire Club of Canada.

It is a rare privilege for me, as Past President of the British Canadian Chamber of Trade and Commerce and the new President of The Empire Club of Canada to see so many of my old and new friends in the same place.

Recently, I had the good fortune to visit our guest speaker's homeland and I must confess that, contrary to my expectations, I found Northern Ireland to be a beautiful, peaceful and prosperous land.

During my visit, I had the opportunity to visit the "Ulster folk park" village and museum where I learned of the many famous citizens of Northern Ireland who have contributed so much to science, technology, business and the arts around the world including Canada.

Timothy Eaton, for whom Reverend Plaskett's church is named, is an interesting example of the many Ulster ex-patriots who have had a profound and beneficial impact on the history of Canada.

David Trimble is continuing this long tradition of leadership by making an historic contribution to the peace and prosperity of his country and forging a settlement of one of Europe's oldest domestic disputes.

Mr. Trimble graduated in law from Queen's University of Belfast in 1968 and served as a senior lecturer in the Faculty of Law at Queen's until his election as the Member of Parliament for Upper Bann in 1990. He was chosen as Leader of the Ulster Unionist Party in 1995. In 1998, he was awarded the Nobel prize for peace jointly with [John] Hume for his extraordinary efforts in achieving the Good Friday Accord. On July 1, 1998, Mr. Trimble became the First Minister of Northern Ireland.

As many of you will recall, Mr. Trimble addressed the Empire Club last October on the occasion of his first visit to Canada.

In that address, he reminded us of several successful investments by Canadian companies in Northern Ireland and pointed out many new business opportunities in Northern Ireland that have resulted from the availability of highly skilled labour and lasting constitutional peace.

Mr. Trimble has agreed to provide us today with a status report on the implementation of the peace accords and the economic outlook for his country.

Ladies and gentlemen, please help me in welcoming The Rt. Hon. David Trimble to the podium of The Empire Club of Canada.

David Trimble

It is a great pleasure to be back in Toronto for the second time in the year since my inauguration as First Minister (Designate) of the new Northern Ireland Assembly. I greatly enjoyed my last visit and it is a mark of the importance that Canada holds in the eyes of Northern Ireland's people that I have returned so soon.

That the affection we have for Canada and particularly for Toronto is reciprocated is shown by your willingness to have me back after such a short interval and I thank both the Empire Club and British Canadian Chamber of Commerce for their invitation.

The links between Northern Ireland and this part of Canada are very old and pre-date the formation of Northern Ireland as a political entity and indeed the Canadian federation. The Empire Loyalists who came to Canada after the American War of Independence included many emigrants from what is now Northern Ireland.

While our friendship may be rooted in history, the modern links between us are in many ways more important and have become increasingly valuable in recent years.

Economics

Canadian companies now play a role in the Northern Ireland economy which can be described with absolutely no exaggeration as vital to our prosperity. Nortel Networks, that I visited in Ottawa yesterday, became established in the northern suburbs of Belfast through its purchase of Standard Telephones in 1991.

Nortel inherited a plant which had been set up as a production platform in the 1960s and which had kept faith with its Northern Ireland employees through the worst of the Troubles. In 1988 it was the first such plant to introduce a major engineering centre at a time when very few other companies undertook R&D or product innovation at plants distant from their headquarters.

It is very much to Nortel's credit that it has strongly supported this facility which quickly succeeded in designing new products and winning new export markets and has become a particularly valuable asset in Northern Ireland's industrial base. Under Nortel's management the centre has flourished and I remember Ian Craig saying on my last visit that the last three R&D projects had come in ahead of time and under budget.

I am pleased, though not surprised, by last week's excellent news that Nortel's Northern Ireland facility has been selected as one of Nortel's seven global systems houses. It will be one the company's core centres across the world. This will secure the future of the facility as a player in world electronics design and production, maintaining a vital presence for Northern Ireland in this most important of sectors.

Even more important for Northern Ireland is Bombardier's subsidiary, the Shorts aircraft company, which is by a large margin our largest manufacturing company.

Shorts was a formerly state-owned company but one which has gone from strength to strength since becoming part of the Bombardier group in 1989.

It has succeeded in producing the quality of work necessary to be one of the major suppliers of components to Boeing. As part of Bombardier it survived and quickly recovered from the collapse of a major customer, the Dutch aircraft manufacturer Fokker.

Shorts provides our most important foothold in world-class high-tech manufacture. It is also at the cutting edge in the development of close-in air defence systems such as Starstreak. We are delighted that it found a home in the Bombardier group, a company which presents such a splendid model for business success, starting as it did in a small way building snowmobiles and growing spectacularly to its position today as the world's third-largest civil aircraft manufacturer.

I am particularly pleased that I will be in Canada to mark the roll-out tomorrow of Bombardier's new 70-seat Canadair Regional Jet, the CRJ700, partly designed and produced in Northern Ireland. We do most of the fuselage.

Three decades of political instability and violence have inhibited the modernisation of our economy. Old industries have been supported through a regime of generous government subsidy with the result that almost half of our manufacturing employment remains in low-wage sectors including textile, clothing and food.

Our engineering sector has remained too small and without companies like Nortel and Shorts it would have been very weak indeed. The strength of these companies means that we now have a firm base on which to expand in a new era of peace.

New world-class companies have come in the last few years often from North America but also from the Far East and include Emerson Electric, Seagate and Daewoo. It has been possible to point to Shorts and Nortel as well-established and successful world-class players to help convince potential investors that Northern Ireland is indeed an excellent location for business success.

Since 1990 over 45 companies from North America alone have invested well over a billion dollars in setting up or expanding their operations in Northern Ireland.

The large number of North American firms which choose to expand in Northern Ireland year after year might be enough to convince many investors of the benefits of an Ulster location. But these firms also tell us more directly about what they see as our strengths.

Quality of labour usually comes on the top of this list. We have a young and well-educated population. Our schools consistently produce the best examination results of any U.K. region.

Employees in Northern Ireland know that no one owes them a living. As a region on the edge of Europe with an unfavourable political reputation, the only sure way of creating and keeping well-paid jobs is to ensure that they themselves make a real contribution to the competitiveness of their companies.

Many companies tell us that they find that their Northern Ireland workers adapt well to changing conditions including the managerial revolution of flat hierarchies and devolved responsibility for such things as product quality.

Northern Ireland can claim to be a highly profitable location in which to do business. Low costs of labour and of premises are augmented by a business-friendly tax regime which exempts manufacturers from property taxes and provides a number of reliefs from profits tax, including 100-per-cent tax relief on depreciation for smaller companies.

All of this comes on top of one of Europe's most generous grant regimes which offers a very attractive package of tax-free set-up incentives to the potential investor. For many types of business this is a package of incentives which cannot be bettered anywhere.

We are not however about to sit back on this record. We plan to do better still. Our aim is to make Northern Ireland the most business-friendly region within the European Union—whether in planning regulations, training facilities, or a first-class transport and telecommunications infrastructure. With the fine record that Canadian firms have already had in Northern Ireland I hope that others will join this queue. I can give a personal undertaking that once in office the new administration will do everything possible to welcome Canadian investors and to ensure that they prosper in Northern Ireland.

Politics

Let me turn now to the formation of the new administration and the current political situation.

As you know the historic Belfast Agreement was signed on Good Friday last year with the aim of ending a violent conflict which had lasted for almost 30 years.

The Agreement went well beyond the norms of international conflict resolution in accommodating deep differences of view on how Northern Ireland should be run.

It arranged for all of the main parties from both traditions to take seats in government proportional to their electoral strength. This means that relatively small parties with as little as 15 per cent of the poll are guaranteed places in what is essentially an involuntary coalition. The coalition will consist of four parties including Sinn Fein which as you know is closely associated with the IRA.

These arrangements are deliberately inclusive, and the idea of proportionality originated with my own party. Our aim has been to offer paramilitaries a significant role in the new administration to construct an integrated Ulster as a widely acceptable alternative to a United Ireland.

The balanced nature of this governmental structure also includes a committee system to provide maximum democratic accountability. Each of our 10 new government departments will have a committee headed by someone from a different party than the department's minister to scrutinise legislation and performance.

You can easily see that these are complex and innovative administrative arrangements but I am confident that we can make them work for at the core of the involuntary coalition lies a voluntary coalition of the moderate nationalist and unionist parties who together negotiated the detail of this deal.

I am, though, minded of Benjamin Franklin's memorable reply to a friend in Europe who wrote to ask whether he was confident that the new American constitution would last the course. Benjamin Franklin wrote: "Everything appears to promise that it will last" and he then added the immortal words “but in this world nothing can be said to be certain except death and taxes.”

To ensure that our Agreement will last we have gone the proverbial extra mile. This includes innovative working arrangements with our neighbours in the Republic of Ireland.

A North-South Ministerial Council will organise a significant degree of cross-border co-operation through six cross-border bodies established to run co-operative schemes in particular areas jointly with the Republic of Ireland. In addition a number of further areas were agreed upon for cross-border co-operation between existing institutions of government.

A British-Irish Council was also designed to bring together the newly devolved regional administrations in Scotland and Wales with ourselves in Northern Ireland and the Irish Republic.

Most controversially, an early release programme was agreed upon for those convicted of terrorist offences, including many guilty of the most heinous crimes, and a review was set up on the future of the police service in Northern Ireland—the Royal Ulster Constabulary—under the chairmanship of Chris Patten the last governor of Hong Kong.

As this process was intended to produce peace, all participants in the Agreement committed themselves to exclusively peaceful and democratic means, and to the total disarmament of all paramilitary organisations. Disarmament, or the decommissioning of arms, is important. It is not a device to exclude or divert the process. It is the litmus test of the commitment to peace and democracy. The existence of private armies is simply incompatible with a commitment to peace. The insistence on retaining fully equipped private armies shows an intention to use force or the threat of force.

In any event as the Irish Prime Minister said recently: “The people did not vote for an armed peace.”

Although all aspects of the Agreement have been delivered by the fully democratic parties, the parties associated with paramilitary organisations are not keeping their side of the bargain. To date no weapons whatsoever have been handed in by any of the main paramilitary organisations, Loyalist or Republican.

As a result, full implementation of the Agreement involving devolution of government powers to the new administration in Belfast on a fully inclusive basis is not possible because without movement there would not be sufficient confidence within the Unionist community.

Because we need to be confident that violence will be given up for good, we are standing firm on a basic principle of democracy, namely that parties cannot assume governmental powers over their fellow citizens when those parties have private armies with an undiminished capacity to threaten those with whom they disagree.

Despite these difficulties I remain optimistic. I believe that political violence is a thing of the past. The great majority of the people of Northern Ireland voted for the Belfast Agreement and opinion polls show that they remain solidly behind it. The former paramilitaries have nowhere else to go other than into exclusively democratic politics. Their campaign of violence has failed, a fact which their leadership shows every sign of fully understanding.

You can thus understand that I view a resolution of our current pause in progress as only a matter of time. I hope that we can move to setting up the new administration within days, although if instead it takes weeks it will be worth waiting to get the details right to form a solid platform for future progress.

No one I hope has any doubt about my own determination to move ahead quickly. There is much we wish to do to make Northern Ireland a better place for its citizens.

I have already mentioned my intention to introduce business-friendly policies. Northern Ireland has long been one of the fastest growing parts of the U.K. despite its past political problems. We intend that it will grow even faster in the new era of peace.

Modern economic success is underpinned by a first-class education system. Much of ours, as I have said, is excellent but we will move to make all of it as good as the best. We have good universities, but we will do more to improve their links to business. Recent American investors like Seagate or the fast-growing BCO Technologies have worked closely with our university science departments to develop new products, and we plan to do more in this area, not only to persuade the world's leading companies to locate in Northern Ireland but also to ensure that their Northern Ireland operations prosper mightily.

Conclusion

Let me leave you with an upbeat message. The difficulties of the past have left the people of Northern Ireland with a deeply realistic view of the world. They are realistic about getting on with people to whom they were formerly bitterly opposed. They are also realistic about business success, and firms will find few places more eager to help them succeed.

The Northern Ireland conflict was once likened to an express train. Everyone understands that it had to stop before it reached the buffers, but they also understand that time is needed to slow it down enough to come to a complete halt. We are nearly there, and I believe the future is bright. We are now fully open for business and ready to extend a warm welcome to all who wish to join us.

Thank you for this invitation. I have greatly appreciated this valuable opportunity to talk to you and I look forward to meeting you again either in what I hope will be a regular series of visits to Canada or, even better from my point of view and I hope yours also, in Northern

Ireland where you can be assured of the warmest of welcomes.

The appreciation of the meeting was expressed by John Smith, Senior Manager, Global Private Banking, Royal Bank of Canada and President, British Canadian Chamber of Trade and Commerce.

Montague Larkin, C.A., Recently Retired Executive Director, The Ireland Fund of Canada and Director, The Empire Club of Canada, Thomas Savage, Chairman, Northern Ireland Partnership and Immediate Past Chairman, Ireland Fund of Canada and The Rt. Hon. David Trimble, First Minister (Designate) of the new Northern Ireland Assembly.

June 23, 1999

A joint meeting of The Empire Club of Canada and The Royal Commonwealth Society of Canada, Toronto Branch

The Rt. Hon. Ramon J. Hnatyshyn

Former Governor General of Canada and
Counsel, Gowling Strathy & Henderson

CANADA 1999—ONE CANADIAN'S PERSPECTIVE

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

Edward P. Badovinac, Professor Emeritus, Dept. of Telecommunications, George Brown College, Counsel, Royal Commonwealth Society of Canada, Toronto Branch and a Director, The Empire Club of Canada; Reverend Dr. Robert Pierson, St. Philips Anglican Church; William Buchanan, Treasurer, Royal Commonwealth Society of Canada, Toronto Branch; Steve Burchmore, Manager, Community Relations, Enbridge Consumers Gas; Noreen Clement, Chairman, Royal Commonwealth Society of Canada, Toronto Branch and Teacher, Burnhamthorpe Collegiate Institute; MGen. Bruce J. Legge, C.M.M., KStJ, E.D., C.D., Q.C., Partner, Legge & Legge, Honorary Life Chairman, Royal Commonwealth Society of Canada, Honorary Life Chairman, Royal Commonwealth Society of Canada, Toronto Branch and a Past President, The Empire Club of Canada; John Grant, Q.C., Counsel, Gowling Strathy & Henderson and Former Chairman, Toronto Sun Publishing Corporation; Major The Hon. Mr. Joseph H. Potts, C.D., Superior Court of Justice, Ontario and a Past President, The Empire Club of Canada; and Peter Mansbridge, Chief Correspondent and Co-Host of The National News, Canadian Broadcasting Corporation.

Introduction by Robert J. Dechert

Ladies and gentlemen, our guest speaker today needs little introduction to most Canadians. However, the accomplishments of our distinguished former Governor General are so impressive, that I believe they bear repeating in the spirit of honouring Canadian achievement.

A native of Saskatchewan, Mr. Hnatyshyn received his law degree from the University of Saskatchewan in 1956, and was called to the bar in Saskatchewan in 1957.

He was elected to Parliament in 1974 and served in the House of Commons until 1988. During that time, he filled a wide range of roles, including Minister of State for Science and Technology, Minister of Energy, Mines and Resources, Government House Leader, President of the Privy Council, Minister responsible for Regulatory Affairs, and Minister of Justice and Attorney General.

He served as Governor General and Commander in Chief of Canada from January 1990 to February 1995.

Mr. Hnatyshyn has received numerous awards for his public- and private-sector endeavours including the St. Volodymyr medal award from the World Congress of Ukrainians. In 1990, he was appointed an Honorary Fellow of the Royal College of Physicians and Surgeons. He has also been appointed Doctor of Common Law at the University of Ottawa, Doctor of Canon Law at the University of Emmanuel College, Doctor of Civil Law at Bishop's University and Doctor of Philosophy at Yonsei University in Korea.

And of course being the generous kind of man that he is, I know that he will tell you his greatest achievement of all is being one of my partners at Gowling, Strathy & Henderson since 1995.

Ladies and gentlemen, it is my honour and privilege to introduce to you a man who represents one of the best examples of Canadian achievement, The Right Honourable Ramon John Hnatyshyn.

Ramon Hnatyshyn

Honoured guests, ladies and gentlemen:

Thank you for your kind words of introduction.

It is a great honour for me to address this Canada Day luncheon under the auspices of The Empire Club of

Canada and The Royal Commonwealth Society. Indeed it was my distinct pleasure to have addressed The Empire Club of Canada eight years ago while I served as Governor General of Canada. And while I have not been approached by the speaker's organising committee, I have marked off dates in 2007, 2015, 2023 and so on for my next appearances before you.

What is the old saying? "You don't need new jokes, just a new audience." In any event, I look forward to seeing you all in those future years.

The stated purpose of the Empire Club—and I paraphrase the provisions of your constitution of 86 years—is to promote the interests of Canada and the Commonwealth by the consideration and discussion of subjects and events relating thereto and by any other means appropriate.

Well that is pretty strong language in support of our country and the Commonwealth—and so be it. For me the truth of the matter is this: for people who care deeply about Canada, addressing an Empire Club audience is always an especially rewarding experience. Why? Because the Empire Club gathers together what Canada needs badly at this moment: people of intelligence and passion. There is no finer combination when it comes to nation building.

People of passion share a common trait. They care. They care enough to get involved. And that is why you are here.

People of intelligence share a common trait as well: they understand that there are rarely simple answers to complex questions. Your members are well aware of that. If the Empire Club is anything, it is a place where people attempt to go beyond conventional wisdom to examine more subtle and difficult concepts.

Canada is not a simple country. The world is all too full of people who think governance should be simplified and who offer simple solutions to disagreements—solutions that too often involve bullets, or tyranny, or both.

That is not us. Our national unity and constitutional debates may sometimes seem endless and we lament the drain on our national energies. But one only needs to look around this tattered globe to recognise the importance of the way Canadians are handling their crises peacefully, how they are channelling their passions through a filter of good sense.

And internationally, regarding the turmoil we witness on a daily basis, one might be tempted to overlook the important role the Commonwealth continues to play in the world.

The Commonwealth is first and foremost a valued example of international friendship and co-operation in the interest of world peace. While the Commonwealth may be a loose association of nations, there is a common link of experience that Canadians share with other citizens of Commonwealth countries. Those of us who have had the opportunity to visit other Commonwealth countries know firsthand the special, almost family relationship which exists between member countries around the world.

For Canada, the benefits which we derive from the Commonwealth may not be the type which makes daily headlines. They are quiet but ongoing, offering stability in a world of change. We are a country that traditionally depends on harmonious international relationships, rather than international might, to achieve our goals at home or abroad. Through our position in the Commonwealth, we have been able to forge strong, friendly relations with many African, Asian and Caribbean nations.

That the Commonwealth thrives today reflects not only its emotional value, but its social and political worth as well. Under the aegis of the Commonwealth, parliamentary democracies have flourished throughout the world.

We are gathered here today to celebrate the birthday of a dream. One hundred and thirty-two years ago, the people who lived in a small group of colonies came together to form a nation.

The Canada born that day was very different from the one in which we now live. The provinces of the new Confederation extended only from the eastern side of the Straits of Northumberland to the western border of the newly named Province of Ontario. But even that small nation, with a population of little more than three million people, was a miracle; for many years a miracle that had seemed unlikely.

This country was not founded in the fiery forge of war; it was the result of complex and sometimes painful negotiations, which were successful only after initial failure.

In time, Canada grew from sea to sea to sea marked this year with the creation of the new Territory of Nunavut. In the words of our national motto—A mari usque ad mare—people worked together to gain understanding of their different views and then found solutions agreeable to all.

No matter how dark the times, there were always men and women of every political persuasion and from every part of the country who, by the force of their determination and the magnitude of their dream, were able to will Canada into being.

It is easy to love the enormity, the variety and the seasons that so characterise our country, but Canada is more than a postcard. To really care about it, we have to care about all those that share it with us, in all their diverse histories, aspirations, needs and concerns.

As we celebrate Canada Day, there is every reason for us to continue to be optimistic about ourselves individually and as a people. We are, as we have always been, a nation of people willing to take risks together, eager to live peacefully in the world and unafraid of the future.

Perhaps that is why Canadians have changed the world way out of proportion to our actual numbers.

I note from the brochure to the membership announcing this Canada Day luncheon that reference was made to an award received by me from the World Congress of Ukrainians and I was reminded that this is a country of unlimited potential and incredible opportunity.

My grandparents came to Canada in the early part of this century to homestead in Saskatchewan. In order to qualify for a homestead in those days, one was expected to improve the quarter section over a period of five years by clearing the land, erecting buildings, acquiring livestock and breaking the soil. On completion of the five-year term, the homesteader received a freehold title.

My father was born in the old country and was brought, at the age of two months, to Canada by my grandmother to join my grandfather.

It took a lot of courage for people to leave their homes in Ukraine, to travel the length of Europe, to cross the Atlantic by ship and then to travel to their final destination some 3,000 miles away by train from Quebec City. They came to Canada with nothing except those belongings which they could carry with them, without extensive education, without financial backing and obliged to build their new homes from scratch with their bare hands.

A few years ago, a friend of mine who worked in the Archives in Saskatchewan came across the homestead certificate of my grandfather, Michael Hnatyshyn, by which he received the title for his homestead. My grandfather arrived in Canada neither speaking nor writing English or French and accordingly signed the homestead papers with his mark.

These documents caused me to reflect upon and appreciate the legacy of my forbears and the extraordinary opportunities afforded by our wonderful country. My grandparents were determined that their children would have the education they were denied and, their son, my father, through the sacrifices made by his parents, graduated in law from the University of Saskatchewan and became the first ever Saskatonian to serve in the Senate of Canada—and I, a grandson, have been honoured to have served in the Parliament and Government of Canada and as Governor General.

Well, I am approaching an anniversary of sorts. Nearly 10 years ago, the Prime Minister announced that Her Majesty had approved my nomination as Governor General of Canada and Commander in Chief. Ten years is a snap of a finger in terms of world history, but there have been an astounding number of historical occurrences during that brief span of time.

It seems like only yesterday that my appointment was announced. But in reality that was a different time.

The Berlin Wall was still casting a huge shadow and Germany was two countries. Yugoslavia was one country, with a superbly balanced constitution on paper that was not matched by enough good will amongst its citizens to withstand the bitter forces of historic nationalist grievances.

Apartheid was still at the core of South African state policy. The only way the country could survive in a manner satisfactory to the whites, it was thought, was to divide the races.

When we look abroad, we cannot help but feel for our fellow citizens on this earth. We feel their elation when they succeed, their pain when disaster strikes. Much of the despair we have had to watch in recent years—in Eastern Europe, in the Middle East, in Asia, in so many places—has resulted from a failure to come together in a common cause, to rise above jealousies and old grievances and form new partnerships for the future.

But in the main, it is the coming together, whether within the European Community, between whites and blacks in South Africa, the Irish of Northern Ireland, the

Israelis and Palestinians or among political factions in Cambodia, that signals hope for the future.

Coming together is not always easy. Sometimes bitterness clings like sharp nettles. Sometimes past injustices have left wounds that are too deep to heal.

Does anyone in this room believe that to be the case in Canada? I don't think so. As Governor General I travel about 125,000 kilometres each year across this country, visiting communities of every size and speaking to people of every racial, ethnic and economic background.

I continue to travel extensively from coast to coast. People have spoken to me at length about their aspirations for Canada and their perceptions of what others want. These perceptions are occasionally distorted. This is, after all, a huge country and we do not always know our neighbours as well as we should.

But bitterness? Hostility? Hatred? These are rare commodities in Canada—as rare as they are ubiquitous in less fortunate parts of the world.

Canada has accomplished what the European Community dreams of doing: it has unified peoples of vastly different backgrounds without interfering with their right to be themselves. Indeed everywhere I have been, the feeling was the same. Canadians love this country. They are proud of what we have built together and they believe in their hearts that Canada must and will stay together.

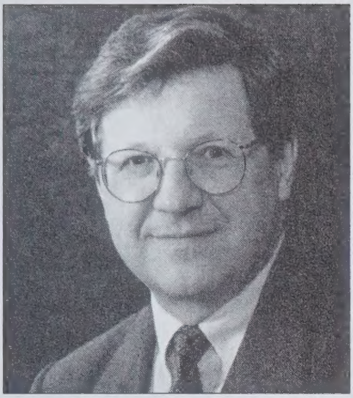
While we were at Rideau Hall, Gerda and I initiated "The Canadian Heritage Garden" to celebrate the first 125 years of Confederation. The garden is now nearing completion and will soon be open as a focal point for the more than 70,000 visitors and heads of state received annually at Rideau Hall, the only official residence which is open to the public.

In working on the development of this wonderful heritage garden which evokes two themes—the evolution of Canadian nationhood and the contribution of peoples of diverse ancestry to our social fabric my wife and I were reminded of, and moved with renewed pride in, the enormous accomplishments of our country and its people.

I should say that I am extremely proud of Gerda who single-handedly raised more than $2 million from private benefactors to provide this gift to the people of Canada. Gerda and I hope that you will all have the opportunity to visit the Canadian Heritage Garden at Rideau Hall—a testament to what we have done and what we can be.

Let me conclude on a personal note. Serving as your Governor General was for me an enormous honour as well as an incredible privilege. I have had the opportunity of visiting every part of our country to experience the great pride that the overwhelming majority of our citizens have in Canada. I only wish that the experience I have had could be shared by all Canadians, as we have so much to be thankful for and so much for which to be proud.

The appreciation of the meeting was expressed by Noreen Clement, Chairman, Royal Commonwealth Society of Canada, Toronto Branch and Teacher, Burnhamthorpe Collegiate Institute.



June 28, 1999

The Hon. Lloyd Axworthy

Minister of Foreign Affairs

CANADA'S ACTIONS AGAINST LANDMINES

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

Catherine Steele, Vice-President (Ontario) and Partner, Gervais Gagnon Covington & Associates and Third Vice-President, The Empire Club of Canada; Reverend Dr. John Niles, Victoria Park United Church; Duncan N.R. Jackman, Managing Director, Fulcrum Investment Company and a Director, The Empire Club of Canada; Dr. Janice Stein, Harrowston Professor of Conflict and Negotiation, Department of Political Science, University of Toronto; The Hon. David Peterson, Former Premier of Ontario and Chairman, Cassels Brock & Blackwell; Dr. Lorna Marsden, President and Vice-Chancellor, York University; Frank O'Dea, Chairman, The Canadian Landmine Foundation and Chairman, Madison & Grant Bancorp Limited; Gareth Seltzer, Vice-President, Private Wealth Management, Guardian Capital Advisors and a Past President, The Empire Club of Canada; Ed Mirvish, President and CEO, Honest Ed's Limited and Honorary Director, The Canadian Landmine Foundation; Hugh Segal, President, Institute for Research on Public Policy; The Hon. Frank McKenna, Former Premier of New Brunswick and Counsel, McInnes Cooper & Robertson; Mary McLaughlin, President and CEO, The Canadian Landmine Foundation; and Vivian Bercovici, Vice-

President, Legal and Public Affairs, The Dominion of Canada General Insurance Company.

Introduction by Robert J. Dechert

As Canada's foreign minister, Lloyd Axworthy is the man responsible for managing and maintaining our nation's commitment to promoting and defending basic human rights around the world.

It is easy to say that you support basic human rights for all people but it takes real courage to put your words into action when that means putting your own people at risk to enforce those basic rights against a devious tyrant with a modern war machine. Lloyd Axworthy was not afraid to take a controversial stand and recommend to the Prime Minister that Canada must do its part along with its NATO allies to stop the atrocities in Kosovo and restore peace and fundamental rights to all of the people of Kosovo.

Milosevich's troops may have retreated from Kosovo but now the most difficult phase of the operation begins; that is the peacekeeping mission for which Canadian troops are justifiably famous.

But before the refugees may return to what is left of their homes, they must deal with the remaining threat of anti-personnel landmines left behind by Milosevic's retreating army. As you know, Lloyd Axworthy has been a leader in the international struggle to eliminate the threat of these devices which are responsible for maiming and killing so many innocent people. It is in this context that Mr. Axworthy has agreed to address us today.

Mr. Axworthy's recent cool performance under pressure is the result of many years of relevant experience.

Mr. Axworthy is a graduate of Princeton University, where he obtained an M.A. in Political Science in 1963 and a Ph.D. in 1972. He was a professor of political science at the University of Winnipeg from 1965 to 1967 and from 1969 to 1979.

He was first elected to Parliament in 1979. Mr. Axworthy has served as Minister of Employment and Immigration, Minister of Transport, Minster responsible for the Status of Women, Minister of Human Resources Development and Minister of Western Economic Diversification prior to being appointed Minister of Foreign Affairs in January of 1996.

Ladies and gentlemen it is my honour and privilege to introduce to you, The Honourable Lloyd Axworthy.

Lloyd Axworthy

Back home last week after a nightmare that forced him to flee his house, that separated him from his family, that destroyed his possessions, Rifat Morina, a Kosovo Albanian, thought he was safe. Safe to rebuild his life, safe to find his wife and children, and safe to look however tentatively to the future.

However in an instant, he was denied even this meagre hope. Mr. Morina stepped on a landmine. He lost his leg, leaving him maimed forever—a brutal, permanent and daily reminder of the human cost of this conflict. Another life senselessly shattered by landmines.

In Kosovo NATO prevailed over evil. However, Mr. Morina's experience underlines with devastating clarity that for him and hundreds of thousands like him the ordeal is far from over. In their understandable eagerness to return home, many more ordinary people will suffer like Mr. Morina.

Anti-personnel [AP] mines are strewn by the tens of thousands across the countryside, poisoning the land from which Kosovo's people derived their sustenance. They are at once the cruel instrument and the bitter legacy of conflict and hatred.

The dimensions of the threat are staggering—but not surprising nor unprecedented. That is why Canada pushed hard to ensure that de-mining figured among the priority tasks for KFOR and in reconstruction assistance. Canadian mine-clearing experts are among those now on the ground. The task in Kosovo is dangerous, painstaking and expensive.

The mine action problem in Kosovo is one we have seen all too often—in Bosnia, Afghanistan, Cambodia, Mozambique and many other countries. Canada showed some leadership in setting an international norm against these weapons; now we are also trying to show some leadership in how we address the landmine problems that still exist. We hope we have learned some lessons, and in Kosovo deal with the enormous challenge of landmines without the horrendous casualties we have seen in so many other places.

Last month, in Mozambique, those who had ratified the treaty held the First Meeting of States Parties and a number of countries who had not yet signed also took part. I hosted a meeting at which we discussed the need for a rapid reaction capacity co-ordinated by the United Nations, knowing we would face this challenge in Kosovo, and not only there, but in Angola, and on the Ethiopia/Eritrea border and other places where mines are still being used in conflicts.

Out of that meeting Canada and Belgium sponsored a UN mission to Kosovo to do an initial assessment of the mine situation. That has resulted in the establishment of a UN Mine Action Co-ordination Centre that will co-ordinate the international response. The rapid response priority will be to ensure refugees can return safely. To that end, as a first step, my department will send two experienced Canadian organisations that are here today—Wolf's Flat, and the Canadian International Demining Centre—to work with the UN and the international community to be part of that emergency response. Wolf's Flat has recently completed a project clearing unexploded ordnance in Panama and the CIDC is currently doing mine clearance in Bosnia.

I have also asked our ambassador for mine action to be in Kosovo this week to help raise awareness amongst refugees of the mine problem and to talk to the military, the UN and local people to get an assessment of where Canada can best play a role.

Kosovo's experience renews the urgency of the global landmines challenge. The situation in Kosovo mirrors the plight of millions the world over. It underscores the original impetus behind the Ottawa Process. It makes clear the need to sustain our efforts to defeat this deadly weapon.

Since the conclusion of the Ottawa Convention we have made progress:

- One hundred and thirty-five countries have foresworn the use of AP mines and 82 countries have already ratified the Convention.
- The number of mine victims in some of the world's most severely affected countries is declining.
- The once-flourishing trade in AP mines has all but vanished: fewer than 10 of the world's mine-producing countries do not support a comprehensive moratorium or de facto ban on the export of AP mines.
- Since 1996 when the Ottawa Process began, 20 countries have destroyed more than 14 million stockpiled mines. These are mines that will never take a life or a limb.
- Resources for mine action are increasing: in the past year alone, 10 donor countries have initiated 98 new mine action programmes in 25 countries.

From the outset, the campaign to ban landmines was a new kind of partnership among governments, international organisations, civil society and individuals. This co-operation has contributed to the achievements we have made so far. And it is this combined energy and resources that will get us to our ultimate goal of a world without landmines.

Canadians have played a major role in the process. In what has already been accomplished there is much of which we, collectively, can be proud. The Government of Canada pledged $100 million over five years for mine action.

But governments cannot do it alone. Individuals and groups of Canadians must continue to be active in pursuing landmine activities. That is why I am pleased to be here today to launch the Canadian Landmine Foundation. Its aim is to create a sustaining fund to which individuals and corporations can contribute to help eradicate landmines and ease the human suffering they cause. It will encourage Canadians to maintain the lead and set the example for de-mining efforts across the globe. I am also announcing today a $1 million contribution from the Government of Canada to the Canadian Landmine Foundation as seed funding. The Foundation plans to raise significant amounts of money; it is committed to raising over $2 million from individuals and the private sector this year.

Our involvement in the landmines campaign is part of Canadians' broader, traditional commitment to global peace and security. Engagement in the world is bred in the bone. Canadians consistently rate our activities and success abroad as an important indicator of how we define ourselves.

This global involvement is based on enduring values. These are the same values we, and generations of Canadians before us, have used to build a unique, prosperous and free country: democracy, human rights, and respect for diversity and civil society.

In a changing world, these values are more relevant than ever. Indeed, they form the basis of the human security approach I have advanced for Canada's foreign policy—an approach that puts new emphasis on the security and well-being of people.

The truth is that globalisation and the end of the Cold War have put human security more clearly at the forefront of international concern. Civilians are directly, and increasingly, the main targets and tools of modern armed conflict. Ordinary people are the immediate victims of terrorism, crime, illicit drugs, environmental degradation and infectious disease—threats that respect no borders. The information age brings these realities directly into all our lives, underscoring our common destiny.

In response, there is clearly a new global dynamic emerging that puts the security of people—individual rights, dignity and well-being—at the centre of the international agenda.

The Ottawa Convention, the way we dealt with the landmine issue, changed thinking about how we could deal with humanitarian crises. It was a novel, people-based approach to disarmament that took aim directly at weapons that cause the most damage to individuals.

The Ottawa Process is only one example of the human security agenda at work. Canada is active in other areas. It is participating in global and regional action to confront the threat of small arms and light military weapons; to fight the scourge of illicit drugs; and to improve the condition of children (the most at risk)—whether as child soldiers, exploited labour, or victims of the global and cyber-sex trades.

By dealing with existing and emerging threats, these initiatives advance human security. They need to be complemented by efforts to deter abuse from occurring in the first place and to set new standards of global behaviour.

For that, full accountability is key. This was a point I made a year ago in Rome at the opening of negotiations for the creation of the International Criminal Court. With Canadian leadership, the Statute of the Court was agreed upon. The International Criminal Court was a bold step forward. It will hold accountable those responsible for crimes against humanity and the most extreme violations of humanitarian law. It is part of an effort to advance and consolidate the rule of international law to protect individuals from the darker side of human nature, which brings me to our involvement in Kosovo.

The Alliance's intervention was an important step in the ascendance of human security as a norm for global action. With its NATO allies, Canada was galvanised to act not from a cold calculus of realpolitik but from a wish to defend the simple right of people to live in peace and security in the face of a vicious spiral of premeditated murder, terror and brutality.

The military option for Kosovo was not chosen lightly. Still, it shows that sometimes, when other means have failed, when inaction is unacceptable and the humanitarian imperative to act is clearly evident, it may be the only option—and it is a justifiable one.

Canadians were right to act in Kosovo. Underlining this is the action taken by the International Criminal Tribunal for the former Yugoslavia, indicting the Serb leadership for war crimes. New, daily revelations of the atrocities and appalling brutality committed against Kosovo's Albanians confirm it.

However, Kosovo must not be held up as a precedent justifying intervention anywhere, any time or for any reason. It raises serious and legitimate questions. Most evident is the challenge of reconciling the human security norm with norms of sovereignty and non-interference in internal affairs of states—still a basic tenet of global peace and security.

Standards and limits need to be worked out against which the necessity or not of intervention can be judged—and the criteria must be very demanding. This is where the Security Council needs to play a central leadership role. As the only global instrument for ensuring peace and security, it needs to be fully engaged—not absent—in this process. The views of some of its members have made it less relevant and flexible than it should be in adapting to the new global realities.

As a Security Council member, Canada has been trying to integrate the human dimension into Council activities. For example, last February we proposed, and other members accepted, examining concrete steps the Council could take to focus attention and action on protecting civilians in armed conflict.

The safety of people is at the forefront of international concern. The human security agenda is a modern Canadian response based on traditional Canadian values.

It is also a means of promoting and advancing Canadian interests.

In an interconnected world, sooner or later the insecurity of others becomes our problem—and sometimes our insecurity. A human security approach is therefore not only desirable but increasingly indispensable. For Canadians, human security means a safer, less expensive and more receptive world.

We are perhaps the most travelled people in the world. Every year, Canadians take close to 20 million trips abroad as tourists or students or, like many of you, for business. That means Canadians are vulnerable. A global society based on the rule of law, with effective means to combat terrorism and international crime and corruption, protects the security of Canadians.

Far-off conflicts that do not directly affect us are not cost-free for Canadians. We provide tremendous resources every year to support refugee and humanitarian relief programmes to help the victims of conflict. Add to this the incalculable cost of Canadian investments in people and infrastructure that are lost as a result of armed conflict; for example, the Sudanese conflict costs over $1 million a day in humanitarian assistance. Multiply that by the number of conflicts around the world, and the cost-effectiveness of human security—especially preventive efforts—becomes more apparent.

Our prosperity requires global stability. Much of our economic growth is generated by international trade and investment. This depends on a world where people are secure and globalisation works. We collectively ignore the human dimension of free trade and open markets at our peril—as we have seen in Asia.

The ongoing political turmoil in other areas of the world, notably in Africa, also prevents local populations from developing and realising their economic potential. This affects not only local populations but Canadians too. They pay a price for the insecurity through reduced opportunities and lost markets for their products and investments. In short, the human security agenda promotes Canadians' interests—including the Canadian corporate bottom line.

Canadians live in a world that is vastly, irrevocably different from the one we lived in even a decade ago. In the face of change, I believe Canadians would prefer to embrace it and put our distinctive stamp on the new global order, rather than let others define our place in the world.

By all accounts, human security is something that strikes a chord with the Canadian public. According to recent polling, Canadians have never been more confident about our place in the world: 80 per cent believe we have more influence today than 30 years ago; 64 per cent feel more proud of Canada's international role today than five years ago; 68 per cent rate our international relations a top priority for the Canadian government.

I attribute this to the fact that the human security agenda reflects both long-standing Canadian values and promotes Canadians' fundamental interests. It is, in essence, the global expression of the Canadian experience and the principles we cherish.

If the United States is the indispensable nation, I like to think of Canada as the value-added nation. Human security is the application abroad of the talents of accommodation, tolerance and mutual respect—talents that we have used to build a strong, unified country where all Canadians can thrive and prosper.

As a Canadian, I am committed to upholding these principles and promoting these talents. All Canadians can play a part. As the response to the landmines campaign has demonstrated, it is a role Canadians welcome with imagination and enthusiasm. The creation of the Canadian Landmine Foundation carries on this tradition, one to which I hope you will contribute.

Thank you.

The appreciation of the meeting was expressed by Gareth Seltzer, Vice-President, Private Wealth Management, Guardian Capital Advisors and a Past President, The Empire Club of Canada.

Dorene Seltzer, Volunteer, AGO, ROM and The Arts & Letters Club, Anne Mirvish and Ed Mirvish, President and CEO, Honest Ed's Ltd.

September 16, 1999

John T. Mayberry

President and CEO, Dofasco Inc.

CREATING A CULTURE OF OPPORTUNITY IN CANADA

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

John A. Campion, Partner, Fasken Campbell Godfrey and a Past President, The Empire Club of Canada; The Reverend Dr. John Niles, Victoria Park United Church; Jack D. Leitch, Chairman, Upper Lakes Group Inc.; Peter George, President, McMaster University; Irene Boychuk, Vice-President, Human Resources, The Toronto Stock Exchange; Charles H. Hantho, Chairman of the Board, Dofasco Inc.; John C. Koopman, Consultant, Heidrick & Struggles and a Director, The Empire Club of Canada; Khalid Yahia, OAC Student, Bloor Collegiate Institute; Gordon M. Nixon, Managing Director and Global Head, Corporate and Investment Banking, RBC Dominion Securities; and Walter J. Palmer, Partner, Fasken Campbell Godfrey.

Introduction by Robert J. Dechert

The phrase, "Our product is steel; our strength is people," has been one of the most enduring mottos in Canadian corporate history.

But for Dofasco, it is more than a catchy slogan; it is a mantra. The emphasis on the importance of its work force has been one of the core philosophies of Dofasco since its founding in 1912 and its introduction in 1938 of one of the first employee profit-sharing plans.

Perhaps it is the combination of Dofasco's emphasis on the skill of its employees and its commitment to technological innovation that has made Dofasco the most profitable steel company in North America.

Since 1980, Dofasco has expended approximately $3 billion on technology improvements which is well above the industry average as a percentage of sales. In July of this year, Dofasco announced its highest quarterly earnings in a decade. And just last week, Dofasco was one of only four Canadian companies selected for the prestigious Dow Jones Sustainability Group Index designating Dofasco as an international leader in the steel industry.

John Mayberry is most certainly one of the "people" that have given Dofasco its strength in an industry which a few years ago was considered by many to be low-tech and aging.

Mr. Mayberry joined Dofasco 32 years ago and has risen through the ranks of the company. He has held the senior positions of Vice-President and Works Manager, Executive Vice-President, Chief Operating Officer and ultimately Chief Executive Officer since 1993. Mr. Mayberry also serves as a director of several other public companies including the Bank of Nova Scotia, Decoma International Inc. and United Dominion Industries Limited. He is also a member of the Business Council on National Issues.

Mr. Mayberry has agreed to share with us today some of the lessons of his remarkable transformation of Dofasco.

Ladies and gentlemen, please help me in welcoming Mr. John Mayberry to the podium of The Empire Club of Canada.

John Mayberry

Good afternoon, and thank you for that very warm introduction. You must all be Dofasco shareholders.

As Robert mentioned in his opening remarks, I was appointed President and CEO of Dofasco in 1993. I have a degree in psychology, which for better or for worse is unusual among steel company CEOs. However, it lends itself to a new twist for an old joke: how many psychology majors does it take to change a steel company? The answer is one. But it really has to want to change.

And Dofasco did.

But to continue with the psychology theme, we knew we could only accomplish significant change through "group therapy." All our people had to be engaged. And they have been. Our success is directly attributable to all our people, working together within a Culture of Opportunity to create value for our shareholders, for our community, and ultimately for the Canadian economy.

Canada's economy is changing, and corporate Canada must change along with it. My intent this afternoon is to illustrate how Dofasco has been an integral part of the vital shift to a value-added, knowledge-based economy,

Just as it has been to Dofasco over the past five years, a shift such as this is essential to Canada's future economic prosperity. And steel has a major stake and a strategic role to play in this transition.

Dofasco supports Ottawa's growing focus on industry productivity and its link with trade, investment, human capital and innovation. As government formulates policy to advance Canada's knowledge-based economy, it must understand how technologically intensive steelmaking has become. We call on our policy-makers to take a hard look at the critical mass the steel industry creates, and learn about the enabling role we play in the field of value-added manufacturing in Canada.

And the impression I hope to reinforce this afternoon is that steel supports growth in Canada's hi-tech industries and adds muscle to our economy by developing new products and working with customers to revolutionise manufacturing processes.

Unfortunately, yesterday's image of steelmaking lags today's reality. You can forget the worn-out image of the steelmaker as a low-tech, cyclical commodity producer with an unchallenging job.

Make no mistake: image does matter, especially when companies like Dofasco must compete against the Nortels and Microsofts of the world to attract and retain the aggressive and innovative young people who are anxious to build rewarding careers in leading industries.

First impressions are key to bringing new talent to our front door. The need to attract new people is going to be one of the toughest challenges in the next century.

The average worker at most steel companies is now in his mid-to-late 40s. In the United States half of the steel industry's 20,000 engineers are expected to retire in the next 15 years and will need to be replaced.

Canada's steel industry will face a similar challenge. But the image of steel as a low-tech, no-skill job is already prejudicing the career choices of young Canadians leaving university. What we're working hard to communicate is that the steel industry offers unprecedented opportunities for young people who want to apply their talents and be rewarded for them.

That is one of the reasons why Dofasco has invested almost $3 million to endow chairs in metallurgical engineering, and in process automation and information technology at McMaster University in Hamilton, and at the University of British Columbia.

Not only do these chairs help re-position the image of Dofasco at the post-secondary level, they give us a talent pool to tap into for the future while providing access to current, state-of-the-art research.

By providing the critical mass that fuels excellence in the academic institutions and vitality to the goods-and-services market in innovation, Dofasco accumulates added intellectual capital through our focus on people resources.

Dofasco is a large engine in Ontario's knowledge-based economy and like all Canadian companies has to be able to read the signs in the global market to remain successful in an ever-changing environment.

Pick up the morning newspaper and you are likely to read that the world is on the verge of an Asian economic revival, a Euro collapse, North American deflation, Latin

American inflation, consolidation, fragmentation, a knowledge-worker crunch, or Silicon Valley meltdown. Tomorrow's headlines will be similar in topic, quite possibly advancing entirely opposite points of view as prevailing theories shift in the breeze of world markets.

The message is clear. Canadian companies are competing in a mature but volatile global market. And I can say with some experience that bigger is only better when that size provides strategic value.

What is strategic value? Five years ago, we called it 'synergies.' Today it is referred to as 'power points.' To find out what it will be called next week, you should surf into www-dot-business-dot-com-slash-nomenclature when you get back to the office.

In this developed global market, becoming bigger through mergers and acquisitions has become one of the primary tools to increase market share. According to The Economist, corporate consolidations were up 50 per cent in 1998.

To this I say: "Investor beware," and question how many of these mergers will deliver the intended strategic value.

The signs are not encouraging. According to The Bloomberg News Service, 50 to 80 per cent of all corporate combinations fail. A New York University study suggests that only 33 per cent of acquisitions provide returns in excess of the cost. A joint study by the Universities of Chicago and Arizona concluded that 44 per cent of acquisitions were sold within five years—almost always at a loss.

There are likely enough examples in heavily capitalised industries to support each of those conclusions, especially during a recession when there are increased pressures to break up big companies into smaller, more responsive ones.

Clearly, you can't rely on size to add value on a sustainable basis. If size were the ticket to operating efficiency and profit, a lot of steelmakers would be outperforming us. This is not the case. On an earnings-per-shipped-ton basis, Dofasco is North America's most profitable steel company.

We are also one of the most productive. Since 1990, Dofasco has increased productivity 50 per cent, which is approximately twice the rate of the Canadian manufacturing sector.

In the last six months, Dofasco has consistently outperformed the TSE 300, as well as the share values of our competition.

But we are small on the world stage. While we are the second-largest steelmaker in Canada, we are only the ninth-largest in North America and 58th-largest in the world. We were approximately one-fifth the size of British Steel before it announced its merger with Hoogovens of the Netherlands to create one of the world's largest steelmakers.

And more of the big players are frantically searching for growth opportunities, struggling to meet their cost of capital. At Dofasco, we are just beginning to hit our stride.

To understand where we're going, you should know a little bit about where we've come from. Ever since C.W. Sherman founded the Dominion Steel Casting Company in 1912 to manufacture steel castings for Canadian railways, we have relied on a deep-seated culture of opportunity and innovation to become a recognised pioneer in the steel industry.

From the outset we have competed against industry Goliaths by pushing the technology envelope available to us. In 1918, we fired up the first universal steel plate mill in Canada. In the 1950s we pioneered in North America the use of Basic Oxygen Furnace steelmaking, the worldwide standard for steelmaking.

In the late 1980s we stumbled. Our ill-fated investment in Algoma Steel left us with a negative cash flow and a billion-dollar debt. It precipitated an intensive re-evaluation of what we wanted to be when we grew up.

Rebounding wasn't easy. At times it seemed like we were trying to turn around the proverbial battleship—an appropriate analogy given that in 1977, large chunks of the North American steel industry began to sink. By 1996, 32 per cent of this continent's steelmaking capacity had disappeared.

For many North American steelmakers, the fundamental market shift that caused this decline in steelmaking capacity was incremental. For us, it was overnight.

Dofasco not only survived but has prospered because we navigated a course sharply different from those taken by our Canadian and American cousins. Instead of increasing capacity, we moved the company closer to the customer with a strategy called Solutions in Steel.

There are four key planks to the Solutions in Steel platform:

- Customer Intimacy;
- Technological Preparedness;
- Financial Preparedness; and
- People Preparedness.

Let me address each of those.

Customer intimacy means collaborating with customers to understand their business, to bring workable solutions to the table, and make products that people need and want to buy.

Let me give you a real-time example. Approximately 90 per cent of the steel products made today were not available 10 years ago. One of these products is tubular steel used for hydroforming, a process where manufacturers mould a length of steel tube into complex shapes using thousands of pounds of water pressure. It reduces the number of parts to be assembled, strengthens the integrity of the design, and reduces production costs.

Dofasco was the first steelmaker in North America to capitalise on the opportunity in this new and growing market. We approached the auto-parts makers and convinced them that, even though we didn't then have a tube mill in our asset mix, we could make the highest-quality tubes for their hydroforming operations.

Now, two years later with our #1 Tube Mill in full production and our #2 Mill scheduled to start up in the third quarter of 2000, we are regarded as the industry leader. In fact, we have been awarded the tubing business for all the light truck frames to be assembled by Magna International and Budd Canada.

What can this type of product development expertise mean to Dofasco?

We see an exciting opportunity to increase market share by working with car makers to take out production costs by advancing new technologies like hydroforming, while incorporating benefits such as increased strength and added safety.

Technological Preparedness means having the right facilities in place to deliver the highest-quality, lowest-cost products to our customers to bring those products to market.

Dofasco searches the globe for best steel-producing technologies and practices. Over the last 10 years, we have invested more than $2 billion in new steel-producing technologies, making us a Canadian steel industry leader in technological expenditures—responsible for about 40 per cent of the capital expenditures of the total steel industry in this period.

Financial Preparedness means having the financial wherewithal to be able to step up to the new market opportunities when they become available. For each of the past three years, and likely again in 1999, Dofasco has generated more than $400 million from operations before changes to working capital. Our strong cash flow and low debt are clearly strategic advantages for Dofasco.

But financial and technological preparedness alone won't produce the results that our customers and shareholders expect. You also need good people who are committed to the success of the business.

Which brings me to the final component of the Solutions in Steel strategy, our People Preparedness.

You've all heard it: "Our product is steel. Our strength is people." That is a lot more than our advertising slogan. It is a reflection of our value system. And it goes back a long way, too.

In the 1930s Dofasco set new standards in employee relations by becoming the first Canadian company to introduce profit sharing, and outlining a progressive set of management and employee values then dubbed The Dofasco Way.

And we continue to benefit from those roots. Today, Dofasco is a company of 7,000 leaders in Hamilton, each one engaged in the technological dynamic founded in a unique employee relations environment.

To enable this, we have aligned the interests of our employees with those of our shareholders.

Our people not only understand the importance of earning our cost of capital but, more critically, they have a clear understanding of what they can do to improve results. And they have a vested interest. Our variable compensation plan, a part of every employee's pay, has a large component tied to the Return on Capital Employed we earn in Hamilton.

Most other steel companies tie the incentive component of their compensation to throughput or production, not adequately reflecting the real need to earn money for shareholders.

And we can leverage our intellectual capital into added shareholder value. For example, we recently entered into a joint venture with a software developer—VARA Corporation of Burlington—to further develop and market preventive maintenance software that Dofasco had created to improve our own operations.

While this is neither a major financial investment nor a change in strategic direction, it is evidence of the intellectual capital our people possess to increase shareholder value.

So when considered in its entirety, our Solutions in Steel strategy has transformed Dofasco from a hi-tech manufacturer of steel, to an ultra-tech producer of innovative, value-added steel products. It has equipped Dofasco with the manufacturing and human resources necessary to solve the immediate and the future needs of our customers, enabling us to follow profits across the value chain of steel production.

And what of the future? We're already down to about six major worldwide auto manufacturers. Increasingly, they will standardise new vehicle platforms on a global basis. To maintain and grow market share, steel companies will have to be part of global supply solutions through strategic alliances, technology transfers and various forms of business combinations.

Our most recent joint venture, an 80-20-per-cent partnership with Sollac of France, is an excellent example of such an alliance. Sollac is one of the largest steel companies in the world, a leading supplier in Europe of galvanised steel for exposed application in the European auto industry.

Using Sollac's proven technology, we will officially start up DSG Galvanising in Hamilton at the end of next month. DSG is a hot-dipped galvanising line that will produce a cost- and quality-competitive alternative to the electrogalvanised material widely used for exposed applications in North America.

Clearly, Dofasco is positioning itself for success with global growth strategies—not just North American. This is a dynamic that has yet to blossom in the global steel industry. But it will, and we will be there.

But globalisation does not have to mean consolidation. Sometimes, consolidation seems to be the last resort when the strategic well runs dry. Most steel companies fail to deliver returns greater than their cost of capital. And so while consolidating may be accretive to earnings, it can be a form of retrenchment if it doesn't generate positive, sustainable competitiveness and shareholder value.

In Dofasco's case, we believe that our Solutions in Steel strategy will allow us to continue to differentiate ourselves from our competition and make us the supplier of choice to our customers, and therefore generate the sustainable returns that our shareholders expect and deserve.

And this view has been validated as recently as last week when Dofasco was identified as an international leader, positioned to provide sustainable returns to shareholders. We are the leading steel company in the newly launched Dow Jones Sustainability Group Index, an index of more than 200 companies in 22 countries, chosen from more than 3,000 companies in 68 industries in 33 countries.

The broader lesson for the Canadian manufacturing sector is that it risks becoming marginalised on the world stage unless it can add value on a sustainable basis. Ultimately, the key to competitiveness is making the products that people want and need. In order to do this, this country needs to embrace a culture of opportunity and innovation. We need to believe in and invest in our future. Dofasco is doing just that, and is going to be a winner on a global scale. We will deliver superior value to our customers and our shareholders.

I believe that all Canadians and Canadian companies can similarly continue to be prosperous. But not by retrenching, and not by taking refuge in worn-out ways of doing things. We must invest in ourselves at a level that is competitive, and give ourselves the opportunity to succeed, and to exceed.

Thank you very much.

The appreciation of the meeting was expressed by John A. Campion, Partner, Fasken Campbell Godfrey and a Past President, The Empire Club of Canada.

Charles H. Hanthro, Chairman of the Board, Dofasco Inc. and Walter J. Palmer, Partner, Fasken Campbell Godfrey.

September 21, 1999

Clotilde Perez-Bode Dedecker

President, Association of Junior Leagues International

VOLUNTEERS AT THE DAWN OF THE 21ST CENTURY: A CONTEMPORARY AGENDA FOR THE ASSOCIATION OF JUNIOR LEAGUES INTERNATIONAL

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

Mary R. Byers, Author and Historian, Past Board Member, Junior League of Toronto and a Director, The Empire Club of Canada; The Reverend Prue Chambers, St. Nicholas Anglican Church, Birchcliffe; Jennifer Fleming, Student, St. Mildred's Lightbourn School, Oakville; Monica Wright-Roberts, President, The National Breast Cancer Fund; Sara Laidlaw, President, Burlington Hamilton Junior League; Gareth Seltzer, Private Client, Wealth Management Professional and a Past President, The Empire Club of Canada; Patricia Hetherington-Keys, President, Junior League of Toronto; and Brian Ross, Partner, Highway Entertainment.

Introduction by Robert J. Dechert

The Association of Junior Leagues International is an organisation of women committed to promoting voluntarism, developing the potential of women and improving communities through the effective action and leadership of trained volunteers. Its purpose is exclusively educational and charitable. The association is comprised of 293 Leagues in the United States, Canada, Mexico and the United Kingdom with a collective membership of more than 193,000 women.

The Junior League reaches out to women of all cultures who seek active community involvement and opportunities for leadership through voluntarism. Junior Leagues strengthen communities by embracing diverse perspectives, building partnerships and inspiring shared solutions.

In Canada, the Canadian Federation of Junior Leagues links eight community Junior Leagues across Canada. In addition to undertaking community charitable activities, the Canadian Federation of Junior Leagues acts as public advocate and lobbyist on women's issues and issues of relevance to women.

The Junior League of Toronto was founded in 1926. Over the last 70 years, the Toronto League has supported hundreds of community causes including children's needs and issues, the arts, literacy, substance abuse, the disabled, mental health, sexual assault and women's issues.

Clotilde Perez-Bode Dedecker knows a great deal about the power of voluntarism. She has been a member of the Junior League of Buffalo, New York for 15 years.

In the western New York community, her service as a community leader includes Chair of the Mayoral Council on Hispanic Issues, Trustee of the Buffalo Fine Arts Academy, Executive Board Member of the National Conference, Leadership, Buffalo State University of New York Community Council and the United Way. She is a founder of the Western New York Women's Volunteer Roundtable and of Latinas United for Progressive Action.

In 1997, Ms. Dedecker received the New York Governor's Award for Excellence in Community Service. She holds a B.A. from Canisius College and is currently pursuing a masters degree in bilingual education from the State University of New York at Buffalo.

Ms. Dedecker has worked as a teacher for the past 16 years. She is a naturalised U.S. citizen and a native of Cuba. Clotilde is married to Mr. Adrian Dedecker and they have two children.

Ms. Dedecker has agreed to address us today on the critical contributions of volunteers at the dawn of the 21st century.

Ladies and gentlemen, please help me in welcoming Ms. Clotilde Perez-Bode Dedecker to the podium of The Empire Club of Canada.

Clotilde Perez-Bode Dedecker

Good Afternoon!

Bonjour!

Buenas Dias!

I'm thrilled to be here speaking today at such an esteemed podium and to such an esteemed group.

And I'm particularly pleased to be here because this is a global forum. The Association of Junior Leagues International is an organisation of nearly 200,000 women in 295 communities in Canada, Great Britain, Mexico and the United States. We are an international organisation of women committed to promoting voluntarism, developing the potential of women and improving communities through the effective action and leadership of trained volunteers.

Voluntarism is an international movement and the Junior Leagues continue to be a key contributor to this movement. Our organisation is preparing to celebrate our centennial, which means that we have quite a track record in the business of voluntarism. The Junior League movement was founded in 1901 in New York City by Mary Harriman, a 19-year-old college student with a social conscience. Moved by the suffering she saw around her, Mary mobilised a group of 80 other young women to work with immigrants at a settlement house in Manhattan's Lower East Side. At a time when virtually the only roles open to women were wife and mother, Mary Harriman created an opportunity for women to make a difference in the public sector.

Eleven years after the Junior League's founding, in 1912, the organisation went international with the founding of the Junior League of Montreal. Many new Leagues have followed since then.

Last summer, I was in the audience to hear a speech made by U.S. Secretary of State Madeline Albright. Her perspective as a prominent woman leader on the international stage is unique and invaluable. Secretary Albright spoke about the role of women worldwide, and described some of the inspirational stories that she has heard and witnessed as she travels from country to country. I felt she was speaking of our movement when she identified the empowerment of women around the world as the defining force of the 21st century. Secretary Albright reported that across the globe she sees one common theme—women's desire to acquire the skills that they need to create a safe, healthy and equitable future for their communities.

That was certainly my desire when I joined the Junior League of Buffalo, New York 16 years ago. And that is the desire of the many women whom I have met in my travels as President of The Association of Junior Leagues International. Women who care deeply about their communities and are giving of themselves, of their precious and limited time, to make things better.

I've experienced first hand what it means to be helped by caring people who unselfishly give of themselves to their communities. Six months after my family immigrated to the United States from Cuba, we moved to Buffalo where we were met by a volunteer from Catholic Charities. For the next two years this volunteer organisation provided us not only with clothes and public housing, but perhaps more importantly they gave us emotional support. To this day I have not forgotten. To this day I am grateful for the support and encouragement that they gave us. I owe them thanks for my deep-seated roots in voluntarism, and I thank the Junior Leagues for helping me to acquire the skills that I need to give back positively to the communities that so generously helped my family.

Since its founding in 1926, the Junior League of Toronto has been a local living exemplar of this commitment, this desire and this caring for community. For more than 70 years, the Junior League of Toronto has endeavoured to make a positive impact on the quality of life for thousands of residents of the Greater Metropolitan Toronto community. Junior League members have contributed more than 30 million volunteer hours in expertise, enthusiasm and hard work and over $2.5 million to support or initiate over 400 community projects.

The Junior League of Toronto's activities speak of devotion to children's needs and issues and concern about the arts, literacy, substance abuse, the disabled, mental health, sexual assault and women's issues. Currently, the League is focusing on projects which "Help Parents Raise Healthy Children."

Some of those projects include:

- The Family Resource Centre at the Health Station where the League in partnership with The Health Station has developed and operates a centre that offers family support programmes grounded in a preventive approach and meeting the needs of today's parents and teens.
- The York Region Abuse Program, where the League developed and is currently presenting an educational programme about child sexual abuse to teenagers through the York Board of Education. This programme is the only treatment and prevention service for victims of child sexual abuse and their families in the York Region.
- At the Ronald McDonald House II, League volunteers are providing administrative support to the House, which is a temporary home for families and their children who are undergoing treatment for life-threatening diseases. And in support of this project, in 1993 the Junior League of Toronto secured donations in excess of $1 million for the Ronald McDonald House Designer Showcase.

We are proud of our Leagues and there are hundreds of accomplishments I could share with you on the positive impact the Junior League has made and continues to make all over the world.

In 1952, the Junior League of Mexico City created a comprehensive, internationally recognised centre for the blind. Visited and lauded by Helen Keller, the centre was the first of its kind and set the standard. At a recent meeting in Mexico City, my sister board members and I explored our international role and had the privilege of hearing from a number of prominent Latina leaders in the volunteer sector. Jenny Polit de Sanchez of Ecuador, Vice-President of the International Association for Volunteer Effort (or IAVE), spoke about the volunteer movement in Latin America.

She said: "In my 25 years of volunteer work I have been witness to and creator of innumerable organisations in South America. The road has not been a smooth one. We have had to overcome the misunderstanding of governments, the underestimation of various power circles as well as the enormous differences between men and women which have been characteristic of our countries for many years."

However, these challenges serve to inspire us to push forward, work harder and overcome the hurdles placed before us.

What are those differences between men and women to which Jenny Sanchez refers? Women's leadership—paid or volunteer, at the community level or on the global stage—is still the exception and not the norm. While women have experienced increased educational and professional opportunities in many parts of the world throughout this century, that is not the case everywhere. Clearly, women still need a place to develop their leadership skills and find their voice in community.

For many, volunteering is still the best and the only opportunity to make a difference. The volunteer arena is a place where women can be taken seriously, if they are not taken seriously elsewhere. As we think globally, and we must think that way today, voluntarism is critical to the strengthening of local communities.

To return to Secretary Albright's observation about women's empowerment... in many societies, just as was true in our society at the turn of the last century, volunteering is the only way for women to gain the skills they need to transform their communities.

Nearly 100 years after its founding, the Junior League endures as a key facilitator in the empowerment of its women volunteers. After a century of social transformation and the enfranchisement of women, the Junior League prepares women to influence and serve their immediate communities and inspires them to step onto even larger platforms. Some well-known trailblazers among our membership have been Bobbie Sparrow, Eleanor Roosevelt, Florence Bird, Katherine Hepburn, Margaret McTavish and U.S. Supreme Court Justice Sandra Day O'Connor.

I was tremendously moved to learn about the progress that has been made in the volunteer sector in South America, to hear from other women in Mexico and to see first hand the committed and powerful work that the Junior League of Mexico City is doing in a region where volunteering is not yet woven into the social fabric. As South American volunteers prepare for the 21st century, they are the founders of a movement, a movement that is growing rapidly and working on many fronts to integrate voluntarism into the larger culture.

In the words, again, of Jenny Sanchez, they are "raising awareness that voluntary service is a committed and unifying response, by understanding that we are fighting against poverty, pain and the enormous social differences that still persist in our countries."

Here in North America, as the 21st century dawns, we are fighting the same fight as our neighbours to the south. Poverty, pain and social differences know no national boundaries and are found in every community. But one difference is that, while the problems are many and the challenges complex, we have a history and culture of volunteer service that unites us. According to last year's comprehensive "National Survey of Giving, Volunteering and Participating," fully one-third of Canadian adults volunteer their time to charitable organisations. And many more—almost 75 per cent of Canadians—help others informally, such as driving people to appointments or doing unpaid teaching or coaching. Truly impressive!

Why do people volunteer? Volunteer Centres across Canada report that unemployed people volunteer to combine their altruism with a desire to enhance career prospects. New Canadians—recent immigrants—volunteer as a way to integrate into their new country. And an increasing number of volunteers come from the corporate world, from companies eager to demonstrate their responsibility by encouraging employees to work in the community. In Mexico City, Jenny Sanchez spoke of volunteer service as a "life choice that women have made as a way to realise ourselves as human beings."

Women and men become more fully realised through volunteering. Virtually every member of the Junior League speaks of getting more out of her service than she is giving. And the rewards deepen as volunteering becomes professionalised in the best sense, as we give of ourselves with skill and confidence. Whether we are bringing meals to shut-ins, building housing for the homeless or offering our business expertise as a board member, our volunteer contributions and leadership are critical to the health of the 21st century.

From its earliest days, the Junior Leagues recognised the need for training in order to better equip their volunteers to serve the community. By 1906 League members were attending lectures where social service agencies explained their work. The seeds of the Junior Leagues' shared mission were planted even then "to improve communities through the effective action and leadership of trained volunteers."

Last summer in Edmonton at the Conference of the International Association for Volunteer Effort, several of us from the Junior Leagues presented a panel that offered an international perspective on Training Women for Community Leadership. At the upcoming Canadian Conference on Voluntarism next month, the Canadian Federation of Junior Leagues will be offering a workshop that will train non-profit organisations to develop and hone their advocacy skills.

Training skilled volunteers and community volunteers is the cornerstone of the Junior Leagues' agenda for the 21st century. Women's leadership is needed more than ever, and we are proud to be part of this worldwide movement.

Another key component of our current agenda is the issue of domestic violence. The Junior League has a history of responding to crises, and domestic violence is a crisis of astounding proportions. We are committed to using our resources and vast geographic reach to work to eliminate this crime. Domestic violence is a violation of fundamental human rights—a global problem that needs to be approached on both a local and global level.

We recognise now that domestic violence is not a private, family matter, but an issue that affects the entire community. As part of an ongoing initiative to inform the public about family violence issues, the Canadian Centre for Justice Statistics produces an annual profile on family violence statistics. The purpose of the report is to provide current data on the nature and extent of domestic violence incidents in Canada and to monitor trends over time. Each year, the profile has a special focus. This year's report is on criminal justice and other system responses to the problem of family violence, including responses by police, courts and correctional services, as well as Canada's transition homes for victims of family violence.

I'd like to share with you some of the disturbing findings on this report:

- In 1997, victims of spousal violence represented 17 per cent of all victims of violent offences reported to a sample of 179 police agencies in Canada.
- Women accounted for a large majority—88 per cent—of all reported spousal violence victims.
- Young wives are at the greatest risk of spousal homicide. In the 1990s, married, separated or common-law women under the age of 25 were killed at a rate of 29 per million.
- Fathers more often than mothers were the reported perpetrators of assaults against children and youth, regardless of the type of abuse or the child's age.
- In incidents involving parents, fathers were accused in nearly all (97 per cent) of sexual assaults, and a large majority (71 per cent) of physical assaults.

I cannot stress enough that violence does not impact only on assaulted women and abused children; it reaches neighbours, the police, the justice system, the child welfare system, the health-care system, the women's employer and co-workers, her friends, the children's teachers, every other student in those children's classroom, and on and on.

In short, domestic violence affects all of us and the women of the Junior League care deeply about that. On this issue, the Junior League speaks with the voice of experience. More than 100 Leagues are already involved in the issue of domestic violence and many, many more plan to take it on.

The Canadian Federation of Junior Leagues has adopted the prevention of domestic violence as its national focus area. The Federation is in the process of determining a project to address the issue of domestic violence both locally and nationally—a project that will be done by all eight Leagues across Canada and whose impact will be felt from Halifax to Vancouver. The project will be implemented during the Year 2000.

The Association of Junior Leagues is developing a public awareness campaign about domestic violence that all Leagues can use in their communities, adding collective strength to the work they are doing individually. We are developing a two-pronged initiative: one that will focus on youth and on breaking the harmful cycle of domestic violence that tragically gets passed down through the generations. The other approach will be through the workplace, where companies can provide support to their employees who are victims of abuse. We know that, nearly 200,000 voices strong, the Junior League has the power to take leadership here.

I invite you to join us in our efforts to eliminate domestic violence in the 21st century. Women and children have a right—a fundamental human right—to live in violence-free households. Legislators, police, doctors, clergy, employers, you and I can work together to eliminate this crime. There are many ways to get involved. It can be as simple as putting a bumper sticker on your car or educating yourself so that you recognise the often-subtle signs of domestic abuse. Donate money, clothing or time to a shelter. Women—join the Junior League and work with us. Men—we particularly need to hear and feel your presence. This is not just a "women's problem." It is an epidemic that affects all of us.

Margaret Mead, the renowned anthropologist, who contributed vastly to the understanding of human history, said: "If we are to achieve a richer culture, rich in contrasting values, we must recognise the whole gamut of human potentialities, and so weave a less arbitrary social fabric, one in which each diverse human gift will find a fitting place." The Junior League's vision statement echoes Dr. Mead's words. We are here to develop our gifts and to help our sisters develop their gifts. We are here to strengthen our communities by embracing diverse perspectives, building partnerships and inspiring shared solutions. As an association nearly 200,000 women strong, we are committed to working with everyone in this room to protect and create the kinds of communities—safe, healthy and equitable—that we all want for the future. We at The Association of Junior Leagues International will be standing there with you.

Thank you.

The appreciation of the meeting was expressed by Mary R. Byers, Author and Historian, Past Board Member, Junior League of Toronto and a Director, The Empire Club of Canada.

September 23, 1999

Murray MacKenzie

President and CEO, North York General Hospital and Chair-Elect, Ontario Hospital Association

CAN WE SAVE MEDICARE?

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

Willis L. Blair, Vice-President, Toronto East General Hospital Foundation and a Director, The Empire Club of Canada; Dr. Diane Bridges, D.M., J.P., Director of Pastoral Care, Peel Memorial Hospital; Natashya Lallani, Grade 11 Student, Georges Vanier Secondary School and Member of Partnership Committee, Georges Vanier/North York General Hospital; Brian Birkness, Senior Partner, Deloitte & Touche and Past Chairman, Ontario Hospital Foundation; David Shaw, Chairman, Stand by Me Campaign for North York General Hospital and Former President, Pepsi Canada; The Hon. Thomas L. Wells, Former Minster of Health, Province of Ontario, President, TLW Consulting and a Director, The Empire Club of Canada; Dr. Reuben Devlin, President and CEO, Humber Regional Health Sciences Centre and President, Ontario PC Association; Karon Bales, Partner, Gowling Strathy & Henderson and Chairman of the Board, North York General Hospital; and Brian Steck, Vice-Chairman, Bank of Montreal and Chairman of the Board, North York General Hospital.

Introduction by Robert J. Dechert

Canadians are justifiably proud of their health-care system—a system that was designed in an era of demographically low health-care demand, big government and deficit financing.

Thirty years later, our health-care system is struggling with an explosion in demand for health-care services by an aging post-war baby boom generation, new and increasing technology costs, fiscally prudent governments and overburdened taxpayers crying out for relief. How do you run a hospital and a health-care system in today's environment?

Our guest speaker is well qualified to answer these questions.

Mr. MacKenzie obtained a Master's degree in Health Administration from the University of Toronto. From 1974 to 1989, he served in various senior management positions with Mt. Sinai Hospital in Toronto.

In 1989, Mr. MacKenzie joined the North York General Hospital as President and Chief Executive Officer.

Over the past 20 years, Mr. MacKenzie has served in many senior positions with the Canadian Cancer Society. As President of the Ontario Division, he is currently a board member, executive committee member and Chairman of the Audit, Finance and Human Resources Committee of Cancer Care Ontario.

He is also the current "Chair Elect" of the Ontario Hospital Association.

Mr. MacKenzie was a recent recipient of the "President's Achievement Award" of the Society of Graduates in Health Administration of the University of Toronto.

And just last year Mr. MacKenzie was honoured as CEO of the Year by the North York Chamber of Commerce.

Ladies and gentlemen, please help me in welcoming Mr. Murray MacKenzie to the podium of The Empire Club of Canada.

Murray MacKenzie

Good afternoon. It's a great pleasure to be with you today and I want to thank you all for the warm reception. You've made me feel at home and for that I am grateful. I hope I can return your kindness by shedding light on what has been a divisive and difficult issue, that touches the lives of each and every one of us.

I'm talking about Medicare. In many ways, it is part of what makes us Canadian.

Public opinion surveys tell us that Canadians endorse Medicare although their satisfaction with the health system seems to be waning. Surveys also tell us that many Canadians are afraid Medicare may not be there for them in the years ahead.

I am here to tell you that, as it stands now, the prognosis for Medicare is grim—unless we make some major changes to how we organise and deliver health services. Let me bring this closer to home. It pains me, this day, to tell you that health care in Ontario faces grave risk and, unless we act, our ability to continue to deliver quality patient care services is under serious threat.

In fact, it is no secret that hospitals are under considerable financial pressure and many are operating with deficits. The collective debt of Ontario hospitals is $2.2 billion and that debt is rising every day.

We have improved the overall efficiency of the hospital system. But we are now at the point where there is so little flexibility in the system that hospitals are hard pressed to meet community needs. And, it appears that we will be asked to get by with even less funding this year—around $300 million less. That is why the hospitals of Ontario, through the OHA, have joined the premiers in asking the federal government to fully restore federal transfers to provinces. Otherwise, there will be less funding available to address patient-care needs right across the province.

For example, some hospitals across Ontario are paying their employees on credit. Their suppliers are being forced to wait months to get paid. They can't afford to upgrade and replace equipment except in emergency breakdown situations.

You may be surprised to learn that Canada is way behind on the medical high-tech front. Canada is ranked in the bottom third among OECD countries when it comes to the availability of medical technology, like CT scanners, magnetic resonance imaging machines and lithotripters.

All can help to save lives and alleviate suffering, but we can't afford them.

And there is demographic pressure ahead. Right now, the number of Ontario residents over age 65 is just over one-in-eight. In 25 short years, that number will balloon to one-in-four, as the baby boomers head toward retirement.

With this "graying" of Ontario, the costs of acute care, long-term care, rehabilitation, primary care and home care will skyrocket. The government's share of these costs will rise from about one-third of the provincial budget today to almost half. The current cost of health care—about $2,700 per person, per year—could soon rise to around $3,500 per person in constant dollars in less than a generation.

But that would be a picture painted with the status quo. As incoming chairman of the Ontario Hospital Association, I want to make it very clear that the status quo is not acceptable. We can make it better.

Will more money help? Yes. But that is not the only answer and certainly no panacea. What else should we be doing? For starters, we need to:

- Fundamentally reorganise our health system;
- Engage in meaningful dialogue with the public about realistic expectations;
- Develop a reliable long-term staffing plan for doctors and nurses; and
- Implement new systems of accountability and funding based on quality and outcomes.

And we need to make these changes across all sectors, not only in hospitals.

Today I want to focus on the need to embrace a fundamental reorganisation of our health system. And one of the driving forces that can transform health-care "crisis" to health-care "success," is connectivity or integration. What do I mean by "integration" in health care? Perhaps the best way to explain it is to tell you about some of the efforts toward integration at North York General.

We are the only hospital located in north-central Toronto north of Lawrence Avenue. With fewer dollars and more responsibility throughout the late 80s and 90s, it was clear things had to change. "Tinkering" was not enough. We needed to fundamentally rethink how we delivered care.

We developed a bold new vision: to be a leader in shaping health care for tomorrow. The core of this vision is to become an integrated health system. Integration is beginning to work for North York General, and I suggest to you it can work right across Ontario.

Integration ensures patients receive the right care, at the right time, at the right place, and by the right provider. To better understand Integration, let's look at the wide range of services provided by our health-care system today.

When most people think about health care, they think about hospitals with their nurses and doctors. Well hospitals are only one part of the health-care system. There is also long-term care, home care, rehabilitation and primary care. And they are all inter-related. They are not islands unto themselves. Integration helps link it all together. It creates an organisational framework to bring these and other services together to better serve patients, families and the system.

And what is the essence of effective integration? Teamwork. At the core of an integrated health system, you will find primary care teams. At North York General, we're planning to have about two dozen of these teams throughout our service area.

Each team will serve between 12,000 and 25,000 members of the community. These multi-disciplinary teams will consist of family physicians, nurse practitioners, social workers, dietitians, physiotherapists, occupational therapists and pharmacists. These teams will be the patient's principal link to the health-care system. You could say they are the "compass" that will help patients "navigate" the full continuum of health care.

I'm sure you will agree that all of this sounds great. But how will integration make a real difference in the lives of patients? Let me give you some concrete examples.

It means you'll be able to call one telephone number to speak to a caregiver who is familiar to you. And someone will be at the other end of the phone after hours and on weekends. It means you'll have one electronic patient record. You won't have to repeat basic information when you visit different professionals. Your test results and medication records will be in one file so all the information is right there.

We are not there yet, but we are steadily working toward this vision, and have made many inroads. Here are some practical examples of how integration is benefiting our patients today.

Successful integration is based on partnerships. We have built a partnership with the North York Community Care Access Centres where we account for 70 to 80 per cent of their referrals for home care. We transfer patients to St. John's Rehabilitation Hospital within days of hip and knee replacement surgery, so they can begin intensive therapy as soon as possible.

Over 20 years ago, we recognised that an acute care hospital is not the place to care for our elderly waiting for long-term care. So, we opened the Seniors' Health Centre. It's a 160-bed nursing home that provides care for people who can no longer live independently in the community.

What's important in this scenario are the linkages between the two—acute-care and long-term care. The specialised resources of the hospital are readily available to the residents of the nursing home. Specialists still do consultations—but they visit the Seniors' Health Centre. And whenever possible treatment is provided there.

Staying with the theme of seniors, we are very excited about a new initiative called the Geriatric Services Line. We know that the health system is complicated and can be confusing, especially for seniors and their families. The Geriatric Services Line is a one-stop shopping concept. By calling one number, caregivers, family members—even physicians—can access all the geriatric services offered at our three sites.

We take the mystery out of the process. We assess the need and then refer to the most appropriate service—whether it's a specialised clinic, a Day Hospital rehabilitation programme, an inpatient assessment unit, or an in-home assessment.

With one service, with one telephone number, we have bridged several different sectors—hospital, community, rehabilitation and long-term care—to create a solution that is totally client-focused. And it's as simple as a telephone call. And we know it's helping. Since launching the service last December, we have logged over 10,000 calls.

Yet another example of teamwork is our new in-home palliative care service. Seventeen family physicians are committed to providing in-home patient care. In addition to making home visits, this palliative care programme is unique because the family physician takes care of the terminally ill patient at home and in the hospital, thereby ensuring continuity of care through this difficult period.

And finally, let me tell you about another partnership that successfully bridges the hospital and community sectors. It's called the First Days programme. It was developed several years ago in response to concerns that health professionals and the public had about shorter hospital stays after having a baby. North York General contracted with St. Elizabeth Health Care, a community nursing agency. St. Elizabeth nurses conduct home visits to new mothers and babies who leave the hospital after 24 hours. Our research shows an encouraging 90-per-cent satisfaction rate with this programme.

While all this is breaking new ground in Ontario, there are other jurisdictions in Canada and around the world that are moving aggressively on this front. Why aren't we? In all honesty, this vision of health care cannot be fully realised until we break down the barriers to integration that permeate our health-care system today.

The Ontario Hospital Association has identified no fewer than eight major barriers to this integrated health system in Ontario. Barriers that include lack of consensus, inconsistent funding arrangements, and a lack of integrated information systems, to name only three.

The most critical of these barriers is the resistance to change. Many within health care today simply don't want to give up power and control. They must realise that the key to success is teamwork, and the key to teamwork is co-operation. Working together, everyone wins.

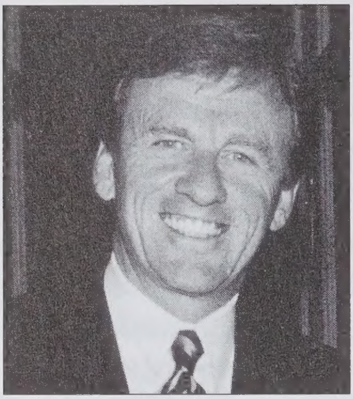
Ladies and gentlemen, this is a wake-up call. A call not only to those within the health field but also to community leaders and concerned citizens right across Ontario. It is a wake-up call for government, because in the end it is up to our elected officials to join our team and help remove the roadblocks. If the major barriers are removed, I believe that leaders in all sectors will find ways to create the most effective mechanisms of integration in their communities.

We must all work together to ensure that Medicare adapts to these new and emerging realities. It is time to stop using band-aids to correct problems that require system therapy. We can no longer move from one three-month crisis to the next.

The future of Medicare is in all of our hands. Teamwork is what can make the difference. Because, when all is said and done, we are all in this together.

Thank you.

The appreciation of the meeting was expressed by The Hon. Thomas L. Wells, Former Minster of Health, Province of Ontario, President, TLW Consulting and a Director, The Empire Club of Canada.



September 30, 1999

The Hon. Allan Rock

Minister of Health

HEALTH CARE IN CANADA

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

John A. Campion, Partner, Fasken Campbell Godfrey and a Past President, The Empire Club of Canada; The Reverend Kim Beard, Rector, Christ Church, Brampton and a Director, The Empire Club of Canada; Fran Papasodaro, Student, Scarlett Heights Entrepreneurial Academy; Lorenzo Biondi, Vice-President, Drug Regulations, Information Quality, Hoffmann LaRoche; Dalton McGuinty, MPP, Leader of the Official Opposition, Ontario Liberal Party; Dr. Andrew Simor, Head, Department of Microbiology, Sunnybrook and Women's College Health Sciences Centre and Professor, Department of Laboratory Medicine and Pathobiology, University of Toronto; Catherine Steele, Vice-President, Ontario, GGA Communications and Third Vice-President, The Empire Club of Canada; Lillian Morgenthau, President, Canadian Association of Retired Persons (CARP); Murray Elston, President, Canada's Research Based Pharmaceutical Companies; and John Melville, President, Hoffmann LaRoche.

Allan Rock

I'm delighted to be with this distinguished group at this head table today and to have the chance to speak to you about something that preoccupies us all. I saw that last week Murray MacKenzie spoke at this Club. He's the new President of the Ontario Hospital Association. It was a terrific speech, talking about the way we have to integrate services in the community. Next week Lynda Cranston will be here. She's done such a terrific job leading the new Canadian Blood Services which has been a source of such heartache for Canadians in the past. She and her board have really got us on the path to the point where public confidence is restored. I think it's very good that the Empire Club is focussing public attention on an issue that preoccupies us all. Can we keep our Canadian system of health care, of which we're so proud, into the new century? With an aging population, with increased pressures, with higher costs of technology, can we keep it? Now I happen to believe that the answer is a resounding yes and I say that not just out of political conviction but out of personal belief and I say it as a Canadian. I say that we not only can but we must keep what has become an icon of what we are as a country that reflects our deepest values and our commitment to each other as Canadians.

There are many, many things we have to do to succeed and many of them are technical. A lot of them Murray spoke about last week in terms of integrating services, reorganising care, putting a greater accent on community health centres and interdisciplinary teams working with physicians to meet public needs, and putting more emphasis on home and community care. Lillian Morgenthau, President of the Canadian Association for the Fifty-Plus, knows all about that and has spoken eloquently about it in the past. There's a whole bundle of things that we have to do if we're going to succeed in keeping timely access to quality care for Canadians. But before anything else, we have to have a commitment to the process. We have to believe that it's worth doing, and I believe it's worth doing. I believe it's so important to us as Canadians. The typical political rationale for the effort is based on social equity; that it is the best system because it's the fairest and because it doesn't distinguish between people on the basis of means.

There's also a strong economic argument for our system of health care in Canada and it's a powerful argument. If you look at the numbers, you see that in the 60s before Medicare we spent about the same percentage of GDP as the Americans—about 7 per cent. This current year we'll be just above 9 per cent of Gross Domestic Product on health care and the Americans will be over 14 per cent. Spending that much more, are the Americans providing services to everybody? They are not. Forty-three million Americans have no health insurance at all and worry about the day when they might have to choose between their health and their homes. It's estimated that 100 million Americans are under-insured.

You wonder what explains the difference between the Canadian and the American experience in terms of cost and you find that for the most part it's overhead. It's the cost of doing business. In fact a Harvard University study looked at the per-capita overhead and administrative costs for health care and expressed in U.S. dollars in Canada it was $272 per person per year but in the States it was $615 per person per year. Here's an example of how that happens. An American professor spoke in Toronto just last year and made the observation that a 900-bed hospital in Massachusetts had 350 people in the billings and the collections department. The Toronto Hospital which is of roughly equivalent size had 17 people in the billings and collections department. So the added expense of rating the population, determining risk, preparing and sending bills, making sure they're paid isn't there in a publicly funded single-payer system.

Look at the competitive advantage that we get from our single-payer system of health care. In Canada, health-related employee benefit costs are markedly lower than in the United States because Canadian employers don't have to buy insurance for all health coverage. In the U.S. businesses assume that cost and KPMG did a major study of this differential. They calculated that medical insurance accounts for 1.4 per cent of total gross payroll in Canada, whereas in the U.S. it costs 8.7 per cent of total gross payroll or over six times more. Last March the Conference Board of Canada published a study that looked at the cost of doing business on both sides of the border and concluded that to match the cost advantages of our health-care system, a business operation in the United States would have to earn pre-tax profits that were anywhere from 160-to-200-per-cent higher than the Canadian sites. The report concludes that business leaders and Canadians generally "should recognise not only Medicare's symbolic value but also its economic contribution to the competitiveness of Canadian business vis-à-vis the United States." These conclusions have found expression by Canadian business leaders as well. Just last April Charles Baillie, the CEO of the Toronto Dominion Bank spoke to the Vancouver Board of Trade and he said: "Canada's health system is an economic asset, not a burden, one that today more than ever our country dare not lose." He concluded not only is our system fairer than the alternative; it's more affordable.

So it seems to me, that both in terms of social policy and in terms of economics, we're onto something here that we should work very hard to keep. I don't suggest it's going to be easy and we all have the stories of the waiting lists, the aunt who couldn't get the hip replacement for 18 months, the shortages of facilities and difficulty getting access to diagnostic equipment. We all know there are challenges. My point is that we have to mobilise a national will to meet those challenges. We can't let it slip away. Governments have to put aside political differences and we have to take the evidence about what works and we have to apply it to make sure we keep something that's of fundamental value to us as Canadians. It goes beyond politics. It goes beyond jurisdiction. It goes beyond mere dollars. We're talking about preserving and strengthening for our children the centrepiece of our social infrastructure. It's worth a national effort to do that and the debate should not be cast as a choice between the status quo and a parallel private system. That's not the choice. The status quo is unacceptable; we all know that. It has to change. We have to solve those problems and I believe we can.

There's increased pressure for a parallel private system. Sometimes people stop me and say: "Doesn't it make sense that if we do have waiting lists, if we do have problems with access, why don't you let me, if I can afford it, buy my way to the service? Why can't I have the choice?" At a certain level the analysis is sensible and perhaps compelling. I've taken the opportunity in the two and a half years I've been in this job to travel to other countries where such choices exist and speak to people who are involved in those systems. I've described the pressure here in Canada from some quarters to open that door and I have to tell you that almost without exception the people in countries where that parallel private system exists caution me against it. They emphasise that it's not the simple answer that it would first appear.

They talk about losing the best and brightest physicians and other health-care providers to the for-profit sector even if their involvement is only permitted as a percentage of their professional time. They talk about a parallel private system not necessarily being the answer to the waiting lists. England is a good example of that. The Harley Street surgeon is available to those who can afford him but the waiting lists in the public system are still a major problem for the British government. They talk about the fact that because business principles are at work, a private system will take the high-volume, low-cost and profitable procedures but as soon as a complication arises they'll send the patient back to the public system so the public ends up subsidising the private part of health care. And they talk about something that's, I think, even more important. They talk about the political dynamic. If you take the most influential opinion-makers in society, the people who can afford it, and you resolve their concern about access to care, you reduce the pressure on governments to solve the problems in the public system. Sometimes the most influential people, the ones who can bring the greatest pressure to bear on governments to face up to these challenges, are no longer interested because they're looked after. I think that point has to be taken into account as well.

So I say to you that it's not beyond us as a nation. It's not beyond the ingenuity of Canadians. It's not beyond the means and the efforts of our governments and our professionals to find solutions to these problems and this is not the day to detail my view about that. I've spoken on other occasions about it and I've had the chance to speak with many of you but I do believe that it's within our grasp. As we're looking for challenges of which Canadians are worthy, one of them should be to restore to strength a health-care system that says much about us as a people and to ensure Canadians and their families equal and timely access to quality care. That's a challenge worthy of Canadians.

A couple of weeks ago in Charlottetown I met with the provincial ministers of health. We meet every year, sometimes more often, and there was a remarkable degree of commonality in our analysis and in our position as to what ought to be done. We talked about the issues that Dr. Hugh Scully and the CMA raised so well during the summer about physician supply. We talked about the supply of health-care workers generally, nurses as well as doctors, and we talked about what kind of delivery service we should have for primary health care and communities to take the best advantage of our health-care professionals and to increase access to care. We've agreed to work away in the coming weeks and speak again in January to develop a plan, a strategy for dealing with health-care human resources and the delivery of services that will have broad support among the physicians and among the nurses and among governments and with the public and I'm determined to see that process through.

I think it's also terribly important when we're trying to analyse the challenge and design responses to have a base of information that's reliable and complete and that's why I'm very enthusiastic about the effort we launched with the Budget to put money and effort into a Canada-wide information database about the performance of our health-care system. Canadians spend $80 billion a year on health care and it's astonishing how little we know about what we get for the money. MacLean's magazine performs an important public service by producing what to my mind is at present the only coherent, intelligible, practical and useful, regular report on what's going on out there. We should do better than that. We should have a very complete and reliable public report to Canadian taxpayers about what they're getting for their money.

The Canadian Institute on Health Information is being funded to do just that. That institute is jointly owned by the Government of Canada and the provinces. The professionals are also involved and they're putting together a plan for accumulating, analysing and publishing information which will give you an idea of the performance of the health-care system—everything from the distribution of doctors and hospital beds, diagnostic equipment through to the discharge and readmission rates in hospitals, the differential outcomes, depending on treatment protocols chosen; a very complete sense of health care in Canada. The first report, which will be basic, will be out early in the new year and I think year by year as we polish and deepen and broaden that analysis and report we'll have in our hands a tool that we can use to better manage the health-care system, to point us in the direction of some of the answers of which I spoke earlier. Next time we have a debate about whether we're spending enough on health care or how much more we should spend or where it should be spent, perhaps we'll have some concrete evidence upon which to base our judgements, the way people do in the real world. I think it's important that we have that evidence for that purpose.

Let me impose just a few moments longer on you today to talk about something which is related to health care but doesn't get mentioned often enough in my view and that's health. I like to remind people that I'm the Minister of Health, not the Minister of Illness and it's often forgotten. There's a whole agenda having to do with wellness that too often gets overlooked. Now let me make two points. First of all I'm not talking about taking money from health care to devote it to health promotion. We know that every dollar in health care is needed there and when I speak about improving health I'm talking about one part of the strategy to make the health-care system more sustainable. If we reduce the demand by improving population health, it'll help us sustain health care into the future.

When we were in Charlottetown, Canadian ministers published the Second Report on the Status of Health of Canadians. It was encyclopedic and it told us vast amounts of information about how we're doing in terms of our health. Much of it was extremely encouraging as you would imagine, like the mortality rates. We're living longer; infant mortality is down. The indices basically are very encouraging. But there are also parts of the report that are very troubling. Hospitalisation rates for asthma among children up to the age of four tripled between 1971 and 1995. The incidence of both breast and lung cancer among women is up markedly. Almost 6 per cent of babies are born with a low birth weight, a significant precursor to later problems. Pre-term birth is a major reason and the national rate of pre-term births rose 13 per cent between 1982 and 1996. Accidental injuries, many of them preventable, are the leading cause of death among children and youth. Diabetes is becoming almost epidemic, particularly type 2 diabetes. The consequences can be grave, with circulatory problems leading to amputations and diabetic retinopathy is now one of the leading causes of blindness in Canada. Type 2 diabetes can in many ways be prevented, and its consequences managed very effectively with lifestyle changes. As well as working on saving health care, and without diminishing for a moment the importance of that challenge, we should also have a wellness agenda and that has to include three factors. First, research and information. Second, advice to Canadians on lifestyle choices that affect their health. And the third is getting at some of the external factors like the environment that play into health issues.

As for research and information, I'm delighted to tell you that we are about to transform the way research is conducted in this country. We all know how important research and development is. Those of you who are in business must regard it as a fundamental part of your investment. I'm sitting at a table with John Melville of Hoffmann LaRoche whose company sets a remarkable standard for its investment in research in this country and throughout the world. Murray Elston with PMAC can tell you how fundamental that investment in research is to the pharmaceutical sector. And the same should be true of the Canadian government. What we've done with the Canadian Institutes of Health Research is to take a proposal that came from the research community itself and change the way that we organise and fund health research in Canada. First of all, we will increase funding. We're going to double the amount we spend on health research over the next two years. Second, we'll change the way in which it's spent. We're going to bring all of the research perspectives to the table so that they can co-ordinate their approach on health issues—biomedical research which of course is fundamental, clinical research, research into health services and how they can be delivered more effectively, and research on determinants of health.

I'll give you an example. When the Canadian Institutes of Health Research are created, the governing council may well decide to recommend the creation of an institute on aging and that institute could do work on Alzheimer's. If it chooses to do so, it would look at that disease across the whole spectrum of perspectives. Biomedically, what is the molecular mechanism of Alzheimer's as a disease? Clinically, what pharmaceuticals or what treatments are most effective? With regard to health services, is it better to deal with persons afflicted with Alzheimer's in the community and if so, in what way? Or is institutional care better? Regarding health determinants, what is there about diet or the environment or lifestyle that might contribute to or complicate Alzheimer's? All of these perspectives would be brought to bear in a co-ordinated way—properly funded, across the country, in virtual institutes that will network the expertise that's out there, will accelerate discovery, broaden our horizon of scientific knowledge and put us in a better position to deliver better health care and better health to Canadians.

I'm very excited about this proposal because the Canadian Institutes of Health Research are going to set a world standard. I don't know if you saw on the front page of the newspaper last week the physician from Britain who developed the procedure involving ovarian grafts. He was in the newspapers saying he's leaving Britain and coming to Canada because he prefers our environment for scientific research and discovery. He said one of the things that's bringing him here is our creation of the Canadian Institutes of Health Research. That's the kind of signal we're sending to the world. It's an exciting time for scientific inquiry in Canada. I want to point out that with us here this afternoon is the Chair of the Interim Governing Council of the Institutes, who's also the President of the Medical Research Council—Dr. Henry Friesen. Dr. Friesen is the person who initially proposed this approach and whose energy and commitment has resulted in the fact that by the end of October, I'm going to be tabling legislation in the House to create the Institutes. He and his team have done an outstanding job of advising on the design and structure of the Institutes and Dr. Friesen, thank you so much for what you've done for Canada in that regard.

In terms of information and people's health, more and more of us are using the Internet. I think 38 per cent of the population now use the Internet. There's good and bad information out there and in the health area some of it is not always reliable and the consumer's left to wonder what can be believed. Over the course of the next month or so we're going to be drawing a lot of attention to something that we're doing. Health Canada is going to launch the Canada Health Network, a network of 380 reputable organisations that have websites with reliable data about health, health treatments, health care and health outcomes. Under the seal of approval of Health Canada, through the Canada Health Network, you will be able to gain access to information you can trust about a wide range of subjects of practical importance to Canadians. Our partners are growing week by week. The number of sites is burgeoning and soon it will be a remarkable collection of practical and useful information that you can trust.

So in terms of information and research I think we're making some important changes. In terms of personal lifestyle we're going to continue to discourage people from smoking tobacco. We're going to draw attention to the importance of physical activity as a way of preventing or managing diabetes and we are going to talk about diet and produce some nutritional labelling changes that will give you some practical advice when you buy food. In terms of external factors, we have to focus on environmental health and with my colleague, David Anderson, I will be doing that.

Let me mention one other thing before I conclude—children and health. We all know about the importance of an early start in life. Fraser Mustard and his colleagues have demonstrated the first three years have so much to do with later outcomes in terms of health. And it seems to me that when you're looking at ways to improve the population's health, starting early is an important part of that. That's why I am a proponent of the National Children's Agenda and why I think we should do more in terms of ensuring that children get the proper start. That of course raises the issue of the surplus. The Prime Minister has always said beating the deficit is tough but if you think that's difficult wait till we have a surplus and see how hard it is to develop consensus on what should happen with that. We campaigned on a balanced approach. We said roughly half to tax cuts and debt repayment and roughly half to reinvestment where it's needed. And we intend to do what we said we would.

First of all, there will be tax cuts. I spent 23 years just a block away from here practising law for a firm in downtown Toronto. I can well recall the way I felt every quarter when I sent that tax instalment cheque in. A lot of that additional taxation was said to be temporary to deal with pressures that we faced at the time. Well, the pressures have diminished and the burden of tax has to be reduced. We will be following through with that commitment. In terms of reinvestment it seems to me that Canadians will not support spending for no reason. Not spending for its own sake. They want to know that if government's going to spend it's for something which improves the quality of our life or achieves a worthwhile purpose. It seems to me that public investment in things like health care, in children, in research will have the public's support as these will make our society more productive, more competitive, more prosperous and more successful. People also make our society fairer and more equitable and we all recognise that we must not only balance the books but we must also balance the scales of social justice.

The Health Agenda of tackling the challenges we face on the health-care side and focussing on specific goals to improve the health of Canadians will meet the priorities that Canadians themselves share as we go into this new millennium. The agenda that I've described reflects not only the policy of the government but the priorities of our people. Obviously there'll be a great deal to do in the balance of this mandate and into the next century, whether it's renewing our institutions, restoring the environment, reinforcing the role of the voluntary sector, restructuring health care or revolutionising research. We should take a page from our success in recent years and just as we pursued fiscal health with the Prime Minister's leadership and a collective determination, we should now pursue physical health and the well-being of our children as a worthy national goal. Let's target the illnesses that we want to prevent. Let's promote the lifestyles that we want to encourage. Let's give every child in Canada a decent start in life. And as we invest to gain a better standard of living let's also focus on a higher quality of life. Thank you very much.

The appreciation of the meeting was expressed by Catherine Steele, Vice-President, Ontario, GGA Communications and Third Vice-President, The Empire Club of Canada.

Gwyne Willmot, Director, The Empire Club of Canada, Fran Papasodaro, Student, Scarlett Heights Entrepreneurial Academy, and The Hon. Allan Rock, MP, Minister of Health, Government of Canada.

October 7, 1999

Lynda Cranston

CEO, Canadian Blood Services

MARKING A YEAR OF FUNDAMENTAL CHANGE

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

Catherine Steele, Vice-President, Ontario, Gervais Gagnon & Associates Communications and Third Vice-President, The Empire Club of Canada; The Reverend Canon Paul Fehely, St. George's Anglican Church; Michael Dickson, Grade 12 Student, Central Technical School; William Gleed, Director, Canadian Blood Services; Marlene Habib, Health issues correspondent, Canadian Press; Denis Morrice, President and CEO, The Arthritis Society; Gareth S. Seltzer, Private Wealth Management Professional and a Past President, The Empire Club of Canada; Valerie Hepburn, Consultant, Health Planning and Policy, The City of Toronto; David MacKinnon, President and CEO, Ontario Hospital Association; and George L. Cooke, President and CEO, The Dominion of Canada General Insurance Company and Immediate Past President, The Empire Club of Canada.

Introduction by Robert J. Dechert

Over the past few weeks, we have been taking the pulse of the Canadian health-care system with speeches by the chief executive of one of Canada's busiest hospitals and the federal minister of health. Today, we continue that diagnostic process with a first anniversary report on the collection, testing and delivery of that most basic and precious of commodities—blood.

Canadian blood services was established to implement the recommendations of the Krever Commission report on the safety of the Canadian blood system.

It has just completed its first full year of operation—delivering the "gift of life" to thousands of Canadians.

In that one year, Canadian blood services has taken a number of steps to ensure a safer blood supply including:

- The implementation of a new screening test to detect Hepatitis C and HIV that is more effective than previous tests used;
- The introduction of a new filtering process to remove white blood cells, which often carry viruses and bacteria detrimental to the recovery of patients who receive blood; and
- The testing of each and every unit of blood or plasma collected.

But testing procedures are only one part of the process of restoring the faith of Canadians in our blood supply system. The Canadian blood services also needed a human face that would instill confidence in the users of these precious blood products. That human face is none other than our guest speaker.

Lynda Cranston has impressive credentials in the areas of health administration, community activism and business.

Ms. Cranston earned a Bachelor of Science degree in Nursing from the University of Ottawa and a Masters degree in Nursing Administration from the University of Western Ontario.

Prior to joining Canadian Blood Services, Ms. Cranston served as:

- The Director of Nursing at the Queensway Carleton Hospital in Ottawa;
- Senior Vice-President of Operations at the Calgary General Hospital;
- Vice-President and Administrator at Shaughnessy Hospital in Vancouver;
- President and CEO of the Richmond Hospital in Richmond, BC;
- President and CEO of the Children's and Women's Health Care Centre of British Columbia; and most recently
- Executive Vice-President and General Manager for Western Canada for Rogers Cantel Inc.

And in her spare time Lynda Cranston serves as a clinical instructor at the Faculty of Medicine at the University of British Columbia.

She is the recipient of the YWCA Woman of Distinction Award and of the UBC Commerce Graduate Society's British Columbia Business Award.

Ladies and gentlemen, please help me in welcoming Ms. Lynda Cranston to the podium of The Empire Club of Canada.

Lynda Cranston

Introduction

It's a special pleasure to have been invited to address the Empire Club today.

I'm told that Winston Churchill is one of the most quoted sources in history, next to the Bible and Shakespeare. His witticisms are certainly highly quotable—but that alone cannot explain his standing. I think the reason for Churchill's on-going popularity is that he surmounted extraordinary odds and remains an inspiration to millions for his strength of will and his tenacity. In fact, he is known to have said: "There is one cardinal rule: 'Never Despair.' That word is forbidden." And on another occasion, he reiterated a similar theme: "It is a crime to despair. We must learn to draw from misfortune the means of future strength."

Challenges are certainly a fact of life at Canadian Blood Services and it's no secret that CBS was created as a result of the crisis of confidence in the blood supply of the 1980s and 90s. This crisis seriously undermined the confidence of Canadians in blood and blood products.

At CBS, we routinely say that we must learn from the mistakes of the past. We do this because our overriding goal is to restore the trust and confidence of Canadians in their blood system; we believe this is the key ingredient for success and it colours everything we do at CBS.

A Legacy from Misfortune

CBS was established just a little over one year ago—on September 28, 1998. At that time, we suspected that we were in for a challenging year. Based on the diligent work of the federal, provincial and territorial governments, it was clear that CBS inherited a system that had not kept pace with changing times and technology. For us, this has meant a series of inherited challenges and problems to be solved—some urgent demanding immediate attention, but many more fundamental issues of considerable importance for the longer term.

Let me give you a brief synopsis of some of the challenges facing the CBS Board of Directors and management one year ago.

- Reporting processes and systems were inadequate and inconsistent.
- The information systems we inherited were three to four generations out of date. The Y2K issue created incredible urgency and required that top priority be given to this operational area.
- Roles and responsibilities of medical personnel were inconsistent and ill-defined in our Blood Centres—particularly their role in the manufacturing of blood products.
- There were too few scientists—and curiosity rather than a focus on blood safety, production and use drove most research.
- Policies and procedures had not been reviewed for years.
- Little or no investment had been made in the education and training of employees.
- Not surprisingly, given these circumstances, employee morale was low and turnover was at 18 per cent per year.
- The state of both internal and external communications was, to put it mildly, poor—with a particular need to improve communications between Head Office and the field as well as communications with external stakeholder groups.

The new management team had an initial three-phase Change Management Plan for the new blood system:

1. The Establishment/Transition phase: to ensure a smooth transition of the blood programme from the Red Cross to CBS.
2. The Stabilization/Planning phase: to stabilise the blood system as a whole, which had been in a state of upheaval for many years.
3. The Re-engineering phase: to restructure the blood supply system.

CBS is currently in the second phase of this plan as we focus on both stabilising the blood system and careful planning for future change. Indeed, we would reason that we are not merely stabilising a system; we are in the process of rehabilitating a system that had become clearly "fragile."

We faced many challenges during our first year. In a nutshell:

- We had to ensure a smooth transition; it occurred.
- We had to establish strategic priorities to move forward; we did.
- We had to regain the public's confidence in a safe blood system; we are continuing to do so.

We also had to lay the appropriate foundation for the new system we are, and will be, building. Without getting into details, CBS established several of the basic components for an efficient new organisation.

Among others, we have developed:

- CBS Mission and Vision statements;
- Our Value statements;
- CBS Ethical Code of Conduct; and
- The Strategic Direction for the organisation.

Each of these comprehensive statements was created and tailored to meet the needs of the emerging organisation. In essence, our goal was, and is, to lay the foundation for an integrated model blood system that links all the steps and all the functions in blood management.

As I said earlier, we are resolved to learning from the mistakes of the past and are doing things very differently from the previous operator. We are now being guided by diligent prudence in the face of the unforeseen. For example, to deal with a variety of potential risk situations, CBS is developing key contingency plans such as:

- A Blood Information System 2000 Contingency Plan: this is a fully manual back-up system that would enable centres to continue operating in a worst case scenario involving our computer systems.
- A Service Interruption Recovery Plan: to deal with interruptions in service in any individual centres due to power failures.
- A Single Supplier Contingency Plan and a list of business-critical suppliers is being developed.
- A National Catastrophe Recovery Plan to deal with situations that could severely restrict CBS's ability to deliver blood products to hospitals is now in progress. Such a plan involves developing relationships with suppliers outside Canada.

Safety and Managing Risk

Our first year of operation has clearly demonstrated to us that many of the challenges we face remain highly charged and often volatile public issues. This regularly drives home the point to us that a significant portion of our role involves the management of risk.

Of course, when it comes to risk, there can be no guarantees. There may never be a time when blood will be absolutely 100-per-cent safe. But there must be vigilance and systems in place to minimise the risk. At CBS, our operating assumption is that there will always be potential threats to the blood supply.

Safety is our "prime directive"—the first of the stated principles on which we were founded—and new tests are being added to the roster of testing requirements as we continue to meet accepted international standards. Nucleic Acid Amplification Testing is a good example. NAT is being used to test for Hepatitis C, HIV by the end of 1999 and testing for Hepatitis B is anticipated for the third quarter of the year 2000.

Our regulatory environment also imposes the stringent regulations of the Canadian Food and Drugs Act. CBS is subject to the onerous good manufacturing practices requirements of this federal statute, similar to the binding practices that are imposed on the pharmaceutical industry.

Even though CBS is only a year old, we've already had to deal with several major issues that put our organisation to the test, including our commitment of transparency.

One of these, variant Creutzfeldt-Jakob disease—the human equivalent of mad-cow disease—surfaced as an issue late last year. It's a particularly revealing case in point as it illustrates well the need to deal promptly with an issue that is both complex and enigmatic—and with a potential to have a direct impact on our blood donor deferral policy.

It's also a striking example of a global impact arising from a local phenomenon. Here we see a seemingly unrelated issue that began with cows in the U.K. ultimately creating a direct impact on the blood systems of Canada, the United States and elsewhere.

To date, the threat of variant CJD remains only a theoretical risk; there is no proof that it can, or that it cannot, be transmitted through transfusion. As such, it was a very difficult issue to deal with. In our handling of the issue however, we were guided by the basic principle of safety and by Justice Krever's recommendation that preventative action should be taken in the interests of all Canadians.

Trust Remains Key

The bottom line is that for the blood system to work as it should, trust is essential and we must regain the confidence of Canadians. Safety—and the perception that we are doing everything in our power to create the safest possible system—is essential to achieving trust.

We are encouraged by recent public opinion research results indicating that 65 per cent of Canadians think the problems of the past have been fixed and 69 per cent say we are managing the system well. While we have made clear progress, we remain plagued with lingering perceptions regarding the safety of receiving a transfusion: only 12 per cent believe that it is "completely safe" and a further 46 per cent believe it is "somewhat safe."

Part of what appears to be driving this concern is a mistaken belief by almost half (48 per cent) of the population that not all donated blood is tested, when in fact each and every unit of donated blood is tested for safety. Perhaps one of the most troubling findings from our point of view at CBS, is the belief among only one-half (50 per cent) of the population that donating blood is "completely safe." Clearly, we have many hurdles to overcome before we truly regain the full confidence of Canadians.

Some may say we really have little choice and others say we are placing too much emphasis on safety. We do have a choice and the choice we have made, and will stand accountable for, is to operate a blood system that is deemed to meet accepted international standards. Our goal is simply to ensure that we have the safest and most reliable blood system in the world.

Donations: Cornerstone of the System

Clearly, we are in the process of fundamentally changing the configuration of the blood system in this country.

One thing that will not change however is our reliance on volunteer donations as the cornerstone of the system. Without blood donors there is no blood, there is no blood system and the health-care system as a whole would grind to a halt without it.

One of our major concerns leading up to transition was the potential loss of blood donors; in fact, other countries had experienced sharp declines in their donor base as a result of similar transitions. We realised that this was a situation that demanded urgent attention. A comprehensive national communications plan was put in place, including a major advertising campaign; letters were sent to 1.3 million donors as well as outreach through the news media.

We believe that this concerted effort led to the current stabilisation of our donor base; in fact, it increased by 2.4 per cent in our first six months. This is an accomplishment that is absolutely crucial to the ongoing stability of the blood supply. Only 3 per cent of adult Canadians donate blood while virtually all Canadians will need blood or blood products in their lifetime.

Unfortunately, our donation record does not compare favourably with many other industrialised countries. Over 5 per cent of the population donates blood in Australia, England and Sweden. Even the United States, at 3.6 per cent, surpasses Canada in per-capita blood donations.

This is our situation even as our aging population is creating a "double-whammy" for us. Not only are we facing the increased demand of an aging population, we are at the same time losing many of our lifelong donors due to age limitations.

Today we are in a situation where we must plan for a very different future, because as a group:

- Over one-half of our donors are now over the age of 40;
- About nine out of 10 are repeat donors; and

- Nearly three out of four started donating when they were under 25 years of age.

Another factor having a direct impact on the blood supply is our increasingly sophisticated blood-screening technologies and a zero-tolerance public attitude towards risk leading to an ever-increasing number of potential blood donors being either temporarily or permanently deferred from giving blood.

Clearly we need to attract new generations of blood donors as well as encourage lapsed donors to return. Our research has told us that if Canadians knew just how vital their gift of life is they would donate blood. But we've never really told them the critical importance of their gift—or done so in ways they could truly appreciate its many uses and our critical supply needs. Well we're starting now. This fall marks the launch of the largest-ever campaign to recruit blood donors in Canadian history.

This campaign has been in development for quite some time—and it comes at a time of great need in the blood system. We have just instituted a new deferral policy for people who have visited the U.K. for a total of six months or more since 1980 which is expected to reduce our active donor base by at least 3 per cent. And we are entering our traditional times of high demand for blood over the duration of this campaign: Thanksgiving weekend, Remembrance Day, Christmas Day, Boxing Day and the New Year's holiday.

The theme of the campaign is: "If you knew … would you?" If you knew that your blood would improve the quality of life of a cancer patient … would you give? If you knew that a life-saving organ transplant—a liver, heart or lungs—could not take place without your blood … then, would you give? We're putting these questions to Canadians as I have to you in the hopes that they will answer the call and give blood.

In fact, we think we know at least part of the answer to the question. We are encouraged because our latest research says over two-thirds of lapsed donors—those who have not donated in the past two years—report that they will consider donating again.

More Change to Come

There are also fundamental changes that must be made to the organisation itself.

We are currently reviewing the structure of the organisation to determine the best model to meet our vision of a safe, secure, reliable and cost-effective supply of blood, blood products and their alternatives.

There are two fundamental drivers for the development of our new organisational model. The first is to design a system that will bring us closer to our principal customers—the blood donors, volunteers and hospitals without which the system could not function. The second driver is the need to tailor the organisation to deal with the impact of new technologies and more sophisticated blood-testing techniques.

The safety and efficiency of the system, including overall cost effectiveness and the need for Canada to become more self-sufficient in plasma, will be defining factors as we move to develop a new structure for the organisation.

The process that we have initiated to achieve this goal will involve widespread consultation with all stakeholders in order to design the most effective and efficient system possible. It will also involve research into best practices and lessons learned from other major blood agencies.

Conclusion

In essence, everything that we have done and everything we are in the process of creating is for the purpose of positioning CBS to be able to tackle the challenges that will inevitably come our way in the future.

As we move towards the third and final phase of the Change Management Plan, re-engineering the blood supply, CBS is committed to:

- Restoring public confidence in the blood supply;
- Improving our operational efficiencies and cost-effectiveness;
- Improving our infrastructure to optimise operations and meet the needs of our customers; and
- Working with our customers and partners on joint initiatives to optimise the utilisation of blood products.

At CBS, we are acutely aware that blood is a precious resource, and we take very seriously our responsibility for its efficient and safe use. We intend to create a new blood system for Canadians that is effective, efficient and worthy of your trust. We cannot sustain another upheaval or public health disaster in our blood system. It is an integral part of our health system. We have an obligation to those who worked tirelessly to put the blood system on a new track.

This has been the first year of what promises to be a long journey for CBS. Yet, even looking back over the past year, we have made progress:

- A clear strategic direction has been set by management.
- New safety measures have been implemented.
- The donor base has been stabilised.
- We have introduced many innovations that are helping to regain the trust of Canadians.
- We also successfully managed our way through the variant CJD issue—and did so in a manner consistent with our policy of openness, transparency, consultation and participation.

I look forward to meeting the challenges of our second year.

Thank you for your attention.

The appreciation of the meeting was expressed by Gareth S. Seltzer, Private Wealth Management Professional and a Past President, The Empire Club of Canada.

Denis Morrice, President and CEO, The Arthritis Society, David MacKinnon, President and CEO, Ontario Hospital Association, William Gleed, Director, Canadian Blood Services and The Reverend Canon Paul Fehely, St. George's Anglican Church, Oshawa.

October 14, 1999

Ron Bremner

President and CEO, Calgary Flames Hockey Club

THE PLIGHT OF CANADIAN SMALL MARKET HOCKEY TEAMS

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

John C. Koopman, Principal, Heidrich & Struggles and a Director, The Empire Club of Canada; The Reverend Dr. John Niles, Victoria Park United Church; Ryan Allen, Student, Sir Oliver Mowat Collegiate Institute; Damien Cox, Sports Writer, The Toronto Star; Rod Seiling, President, Greater Toronto Hotel Association and Former Hockey Player, New York Rangers and Toronto Maple Leafs; William D. Laidlaw, Immediate Past Chairman, Ontario Chamber of Commerce and First Vice-President and President-Elect, The Empire Club of Canada; Fred Sherratt, Executive Vice-President and Chief Operating Officer, CHUM Limited; and Peter Sisam, Vice-President, Canada IMG Canada Ltd.

Introduction by Robert J. Dechert

A famous Canadian once said: "Here's another shot, right in front—they score! Henderson scores for Canada! And the fans and the team are going wild!"

Is there a Canadian who was alive in 1972 who does not remember those ecstatic words of that great Canadian Foster Hewitt?

Many scholars believe that those words and that event represent a defining moment in the history of our nation.

With that goal, at the height of the Cold War and shortly following the FLQ crisis in Quebec, Canadians were brought together in a single moment of international glory dominating the world in hockey—our national sport.

Hockey has always been our sport but will it continue to be ours in the future?

When Paul Henderson made that goal in 1972, 97 per cent of all NHL players were Canadian. Today, according to The National Post that number has fallen to 56 per cent.

And to add insult to injury a weak Canadian dollar, unsustainable levels of taxation and the unequal economic power of large media markets south of the border now threaten the very existence of some of Canada's venerable small market hockey teams.

Ladies and gentlemen our guest speaker knows very well the plight of such teams in Canada.

Ron Bremner came to the Calgary Flames following a 23-year career in broadcasting and marketing. He graduated from the University of Guelph and began his broadcasting career as a national sales representative with Standard Broadcast Sales in 1972. He joined CKNW radio in Vancouver in 1974 and quickly rose through the ranks to become President of CKNW-AM and CFMI-FM.

In 1990, Mr. Bremner was named President and Chief Executive Officer of BCTV. In May of 1996, he was named BC's broadcaster of the year. And later that year, he was appointed President and Chief Executive Officer of the Calgary Flames Hockey Club.

Ladies and gentlemen, please help me in welcoming Mr. Ron Bremner to the podium of The Empire Club of Canada.

Ron Bremner

Reverend Niles, President Dechert, head table guests, ladies and gentlemen:

I'm thrilled to be here in Toronto today to talk about the plight of small market teams in Canada and the National Hockey League. This topic has been debated, discussed and talked about so many times, I feel a little bit like Elizabeth Taylor's eighth husband on his wedding night. You know what you're supposed to do but how do you make it interesting?

People ask me all the time why I haven't jumped off the Canadian Airline Saddledome roof because of all the challenges I face with small market teams, the difference in the dollar and taxes. I've thought about it but the answer is the people I get to work with, the experiences I have and the great times I share with people.

Before we talk about our main topic today, I want to share with you a true story that happened about a year ago that typifies some of the crazy things that happen in this business. I got a phone call about four o'clock in the afternoon from my public relations person. He said: "Ron we have a very special guest coming to the game tonight." I said: "Who is it?" He said: "The late Grace Kelly's son Prince Albert of Monaco. He is going to be at the game tonight. He's at Canada Olympic Park practising with the Monaco bobsled team and the team wants to come to the hockey game." I said: "Great. Bring them to the game. Get all the members of the bobsled team a hat. Give the Prince an official Flames jersey and a hat and let him enjoy the game." Halfway between the first and second period my public relations person came over to my wife and me and said: "Would you like to meet the Prince at the end of the first period?" "Yes." So we went to meet him and there he was wearing a Flames hat and a Flames jersey, drinking a Molson's beer and eating a hotdog. We had a chat. Just then our old trainer Bear Cat Murray walked by. I thought: "There's a guy the Prince should meet." "Bear Cat come on over here." The Jumbotron's on, the music's going, people are coming by. I said: "Bear Cat here's somebody I'd like you to meet." He said: "Who is it?" I said: "It's Prince Albert." He looks right at him and shakes his hand. "Prince Albert? I grew up in Prince Albert. Was it snowing when you left?" Finally I lean over and say: "Bear Cat this is the Prince Albert."

The subjects of Canadian teams, the future of the NHL and the plight of Canadian small market teams run through our veins and run through our history much like democracy, decency and fairness. And for most of us they hold special memories. In the book "The Game" which I think is probably one of the best sport's classics ever written, my colleague and friend Ken Dryden takes us back to a simpler time, a better time, a time when everything seemed possible. I want to read you one paragraph just to put this game in context.

"But the backyard also meant time alone. It was usually after dinner when the big guys had homework to do. And I would turn on the floodlights at either end of the house and on the porch and I'd play alone. It was a private game. I'd stand there in the middle of the yard, a stick in my hands, a tennis ball in front of me, silent still, and then suddenly I'd dash ahead, stick handling furiously, dodging invisible objects for a shot on net. It was Maple Leaf Gardens filled to widely cheering capacity at a tie game, seconds remaining. I was Frank Mahovolich. I was Gordie Howe. I was anybody I wanted to be. And the voice in my head was that of Leaf's broadcaster Foster Hewitt. There's ten seconds left. Mahovolich winding up at his own line centre, now over the blue line, eight seconds, seven. He comes in on net, he winds up, he shoots, he scores. And then the mesh that had been tied to the bottoms of red metal goal posts until frozen in the ice had been ripped away to hang loose like a flag in the stiff breeze. My arms and stick flew into the air. I screamed a scream inside my head and collected my ball to do it again over and over many times. The hero of all my own games."

Now, as Bob said, this is more than a game. If you ask any American over a certain age where he was when Kennedy died he can tell you. Similarly if you ask any Canadian over a certain age where he was when Henderson scored he can tell you. I was on the Queen Elizabeth Highway at the Bronte Sideroad.

But there's more than emotion to this game. There's a lot more. There's economics. There's 8,600 full-time and part-time jobs for all the teams across the country in the National Hockey League, representing over $300 million in wages and benefits, $211 million in taxes paid to all levels of government and over $1 billion in arena facilities development over the last 10 years and that includes the magnificent new Air Canada Centre in Toronto.

Millions of dollars in Sport-Select lottery money are bet on NHL hockey in this country and NHL teams don't get a cent of that. The lotteries use our schedule, our games and our product and most Canadians that I talk to about this situation don't think that that's fair.

You've heard about the problems before. You've heard about the problem of market size and how Calgary can't compete because we don't have the population. That hurts your television rights, your advertising rights and your ability to be able to track new people to the rink all the time. And I might say if it wasn't for great partners like my friends at Molson to my left here it would be a much tougher struggle for teams like the Calgary Flames.

Add that to the unfavourable exchange rate and it's tough. Last year the exchange rate alone cost the Calgary Flames $12 million on the bottom line. And still we are not asking for a handout. All we're asking for is a hand up. We're saying: "Don't treat us specially. Don't give us any treatment that other companies and industries haven't received." What we are saying is: "Take a look around the landscape and just treat us as fairly as you have treated other businesses—businesses like the book publishing industry which receives assistance to promote Canadian publishing or the technology sector which in 1996 alone received $414 million to help Canadian companies compete internationally. Look at the huge incentives given to the film business to help bring starving actors like Silvester Stallone and Sharon Stone up here to make movies? Just please treat us like these people."

People say they don't want to help rich hockey players. Sure salaries are a problem. But I can tell you this. For the most part Canadian teams have not been the problem.

We're in the entertainment business. Nobody complains about the fact that a grade-12 dropout from Burlington, Ontario, named Jim Carey makes $20 million a movie. That's a lot of money. But you're not going to hurt the hockey players by not helping Canadian teams. Do you think that the hockey players who played for the Quebec Nordiques on Tuesday were suddenly on welfare on Wednesday when they became members of the Colorado Avalanche? Do you think that the hockey players who toiled up and down the ice for the Winnipeg Jets on Thursday were in the food bank line-up on Friday when they suddenly became the Phoenix Coyotes? I don't think so. You're not going to hurt the players.

It's not the players that will be hurt if Canadian teams fold. It's not the players at all. It's the bartenders. It's the guys in the parking lots. It's the Tommy Hendersons who work in the parking lot at the Canadian Airline Saddledome. It's the Margot Martins who work making popcorn. It's the Freddy Brooks who work as ushers. Those are the people who are going to end up getting hurt the most.

Doesn't it make more sense to have all levels of government work with the teams and ownership to see how they can make this great game grow and see how they can keep this game alive, well, prosperous and healthy in this great country? If we're getting $172 million out of a Sport-Select lottery without help from the Canadian NHL teams, think what we might be able to get if the NHL put its copyright behind it, put its trademark behind it, put effort, time and assistance behind it? By working together we could increase that $172 million to $200 million or $250 million. Does it make any sense to lose all the tax money the Canadian NHL teams currently pay? Does it make any sense to lose the identity that the Canadian NHL teams add to the mosaic of our country?

How many times do you think the word Calgary would be mentioned in The Houston Post, The Miami Herald, The Atlanta Constitution or The Los Angeles Times if the word "Flames" wasn't following it? How many times do you think the word Edmonton would be mentioned in The New York Times, The Chicago Sun or any other paper around the world if the word "Oilers" didn't follow it?

We have a lot of emotional equity in this game. Kids and parents go to rinks across this great country at five o'clock and six o'clock on Saturday mornings. NHL teams give back millions to their own communities; in Calgary alone over $13 million in the last 18 years with another $15 million committed over the next 15 years. And they do it in Toronto under Ken Dryden's leadership. They do it in Montreal, they do it in Ottawa, they do it in Edmonton and they do it in Vancouver. They do it everywhere there's an NHL team. Why? Not because they have to do it but because it's the right thing to do. And as someone once said: "Managers do things right but leaders do the right thing." And NHL teams have been leaders in this country for a lot of years both on and off the ice.

I think this subject is important enough to be talking all over the country about ways that we can work together. I know it's not a politically friendly subject but I'm a taxpayer too. I don't want to see tax money going from education and welfare and health care. But I think there's a tremendous opportunity to be able to work with government at all levels on the lottery funds and be able to see where we can get the best return for all Canadians and keep this great game alive.

I want to leave you with this thought: "It is not just the dreams of people who run NHL teams that I think are important. It is the dream of all those youngsters from St. John's to Victoria who toil endlessly in the rinks and on their ponds and in the arenas across this country because they want to play for the Leafs or they want to play for the Flames or they want to play for the Oilers or the Senators or the Canucks or the Canadiennes." This is a game worth keeping and this is a game worth helping. Thank you very much for your time.

The appreciation of the meeting was expressed by William D. Laidlaw, Immediate Past Chairman, Ontario Chamber of Commerce and First Vice-President and President-Elect, The Empire Club of Canada.

Rod Seiling, President, Greater Toronto Hotel Association and Former NHL hockey player, New York Rangers and Toronto Maple Leafs and Ronald S. Bremner, President and CEO, Calgary Flames Hockey Club.

October 29, 1999

His Excellency, Dr. Victor Orbán

Prime Minister of the Republic of Hungary

HUNGARY AT THE TURN OF THE MILLENNIUM

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

The Reverend Kim Beard, Rector, Christ Church, Brampton and a Director, The Empire Club of Canada; Dr. Laslo Simon, Chair, Hungarian Research Institute of Canada, University of Toronto; Balázs Podmanicsky, Student, Upper Canada College, recipient of the Fejér Hungarian Scholarship; Diana L. Chant, C.A., Partner PricewaterhouseCoopers and Treasurer, The Empire Club of Canada; His Excellency Dr. Attila Chikán, Minister of Economy, Republic of Hungary; William Saunderson, Chair, Ontario Exports Inc. and Former Ontario Minister of Economic Development, Trade and Tourism; Mrs. Anikó Léval, Spouse of Prime Minister Orbán; Bart Mindszenthy, A.P.R., Partner, Mindszenthy & Roberts and a Director, The Empire Club of Canada; His Excellency Dr. István Stumpf, Minister, Head of the Office of the Prime Minister, Republic of Hungary; Béla W. Fejér, Q.C., President, Fejér & Associates; Peter Munk, Chairman and CEO, TrizecHahn Corporation and Chairman, Barrick Gold Corporation; and The Hon. David M. Collenette, Transport Minister, Government of Canada.

Introduction by Robert J. Dechert

Canadians are familiar with the many remarkable contributions of the people of Hungary to Canada and to the world.

As you know, Canada has had a long association with the people of Hungary. Indeed, Canadians of Hungarian origin and descent have contributed and continue to contribute to the worlds of business, science, literature and the arts.

Some of Canada's most accomplished Hungarian-Canadians include our special guest Peter Munk, the founder of both Barrick Gold and TrizecHahn, Dr. John Polanyi, the Nobel prize-winning chemist, Canadian author George Jonas and Canadian film producer and founder of Alliance Atlantis Communications, Robert Lantos to name just a few.

Ladies and gentleman, we are privileged to have as our guest speaker today a man who has contributed much to the freedom of his nation and to democracy.

Those of us who were only distant witnesses to the Cold War can scarcely imagine what life must have been like under the oppressive domination of the old Soviet system. Viktor Orbán not only suffered under that system but did something about it.

Viktor Orbán was born in 1963. He earned a degree in law and social sciences from the "Eotvas Lorand" University in Budapest in 1987. He also studied political philosophy at the University of Oxford on a Soros Foundation scholarship. As a student he helped to found the Federation of Young Democrats Party or "Fidesz." The party's name was changed to "Fidesz-Hungarian Civic Party" in 1995.

On June 16, 1989, Dr. Orbán rose to prominence when he delivered a courageous and impassioned speech to a large audience in "Heroes Square" in Budapest demanding free elections and the withdrawal of Soviet troops from his country.

In the free parliamentary elections of 1990, Dr. Orbán was elected as a member of the Hungarian parliament. In April 1993, he was elected party chairman. In the following year in the 1994 parliamentary elections, Dr. Orbán was re-elected to the Hungarian parliament. Between April 1994 and June 1998, Dr. Orbán chaired the Hungarian Parliamentary Committee for European Integration Affairs.

In the general election of 1998, Dr. Orbán's party won the largest number of parliamentary seats of any party and on July 8, 1998, the President of the Republic of Hungary called upon Viktor Orbán to form the new Government of Hungary.

Ladies and gentleman, please welcome His Excellency Prime Minister Viktor Orbán to the podium of The Empire Club of Canada.

Victor Orbán

Mr. President, ladies and gentlemen, the title of my lecture is “Hungary at the turn of the millennium.”

When we say “millennium” everybody thinks of the past 1,000 years. Everybody except the Hungarians. You have to know that nothing is as simple as that with us.

For in Hungary it was exactly 103 years ago in 1896 that we first had a millennium. This was when we Hungarians celebrated the thousandth anniversary of our settling down in Europe after a long migration westward.

In 1896 you elected Sir Wilfrid Laurier as prime minister of Canada and built the Canadian Northern Railroad. In Budapest the king reigned and we built the first electric underground line in Continental Europe.

Ladies and gentlemen, irrespective of how complicated it is to be a Hungarian the year 2000 is going to be a millennium year for us as well. But I have to tell you we finished the twentieth century somewhat sooner than you did. For us the new millennium started in 1990. This was the year when the Soviet troops, “temporarily stationed in Hungary” since 1945, left our soil. In 1990 Hungary could rejoin Europe.

It is 1999 now, but for Hungary the past nine years seem like a whole generation’s lifetime. We had nine years to build everything we were longing for during the 40 years of oppression. We had nine years to bring the institutions of democracy to life. We had nine years to construct a genuine banking system. Nine years to create profitable industry, agriculture and trade through privatisation. We had nine years to bring to life the dreams of those who in 1956 stood up for freedom, first by peaceful means then, when they had to, with arms. Those who took up the fight with only a few rifles against the Socialist system and the occupying tanks took up the fight even though it was desperate and hopeless.

Nineteen fifty-six was called the Hungarian Revolution all over the world. The fame of this freedom fight spread over here as well. Canada and its people warmly received the Hungarians seeking refuge from the crushed revolution. Thank you Canada.

I am positive that this fight and the image Canadians formed of Hungarians in 1956 played a major role in Canada being the first country to ratify Hungary's accession to the North Atlantic Alliance. But ladies and gentlemen, as you already know, nothing is as simple as that with Hungarians. Three days after joining the Alliance we found ourselves in the midst of an armed conflict. How typical.

In the past 10 years we have done as much as we could. The Hungarian economy has undergone a radical structural transformation with over 80 per cent of the GDP now produced by the private sector. This rapid progress has made Hungary a leading economy and the financial hub in the region. Hungary has become the base for most investors all over Central East Europe.

Please think about it. Investors come to Hungary. They choose our country because they find the same work ethics, the same living standard as in their home countries and what do they get in the midst of it? An armed conflict in the neighbourhood. You will never be able to guess the outcome for Hungary!

By the time the Yugoslav conflict was over we sold the concession for the 1,800 megaherz DDS mobile phone tender for a price unprecedented in Hungary. The winner was an American-British-German consortium. And Audi Motors chose Hungary again from among many other possibilities to build a brand new type of factory for its revolutionary new motor. As you can see things are always moving along in Hungary.

We spent a large part of the past 1,000 years defending Western Europe from the Turkish Ottoman Empire's westward expansion. The Turks never got to Europe. Hungary on the contrary suffered Turkish rule for 150 years. In 1848 there were revolutions in practically all the countries of Europe. For Hungarians this fight was a fight for freedom and independence from the Hapsburgs. However the Hapsburg Empire reinforced with the Russians czar's troops crushed our fight. Freedom has always been crucial for us, perhaps because we have had so little of it.

Let me tell you a short anecdote from an Hungarian author who recently passed away. The hero of his short story is visiting somewhere abroad and would like to do some shopping. Unfortunately, he only has Hungarian forints on him. However the shopkeeper becomes interested in this strange money. He starts asking the man: "Whose face can be found on the bank note?" "This is Lajos Kossuth, the leader of our freedom fight. He died in exile." The shopkeeper looks at another bank note. "How about this guy?" "This is Sándor Petöfi, the heroic poet of the 1848 revolution for freedom and independence. He was killed in the battle." "And this one?" "This is György Dózsa, the leader of the biggest peasant revolt. He was burnt on an iron throne." The shopkeeper looks puzzled. "And this one is István Széchenyi. He had many things built in the nineteenth century, for instance the Academy of Sciences, the first stone bridge on the Danube and several railroads. He had the rivers regulated as well. They called him the greatest Hungarian." "And what happened to him?" asks the shopkeeper with some sigh of hope and relief. "He committed suicide in a mental institution." The shopkeeper gives up and says: "You know what? Take it for free."

So ladies and gentlemen we have but a few months left until the millennium or at least you will certainly have the millennium here in Canada in the year 2000. With us the situation again is somewhat different. I guess you are not surprised anymore. We are Hungarians. Everything is possible with us. True the year 2000 will be a millennium in Hungary as well, but the year 2001 is also going to be a millennium for us because the first day of 2001 will be the one-thousandth anniversary of the crowning of our first king, St. Stephen, with the crown he received from the Pope. We take this date as the foundation of the Hungarian state.

As you can see our Hungary is but 1,000 years old and we have already celebrated three millennia. The Chinese are right when they say: “The past is important because without it we would not have a present.” We have to treasure what we inherited from our parents and grandparents. We have to know that our best chance is the present.

If we can believe the annual country report published by the European Commission a few days ago Hungary is the leading candidate for EU membership. One thousand years in Europe is not such a long time. For the EU-member countries Hungary will be among the young ones. Among the young and small ones.

Ladies and gentlemen your country for instance is about 100 times as big as ours. Your population is three times as big as ours at least at the first sight, for as you know nothing is as simple as that with Hungarians. Hungary is surrounded by countries where many Hungarians live. We might even say that Hungarians neighbour Hungarians. If we combine all these figures we will find that there are only twice as many Canadians as Hungarians. And we have not even added our compatriots who live elsewhere in the world; here on this continent for instance. Many here in Canada. It is from them that I know that Canada has always been a welcoming home country for Hungarians. It is time for me to thank you for it. Canada received the refugees. She gave them work and she gave acknowledgment and prestige to those who worked hard.

We owe acknowledgement to you for receiving Hungarians and living with Hungarians. Everyone knows that that is not an easy thing to do. A saying has it that those who have Hungarian friends need no enemies. Dear business people take this unique opportunity. Take the advantage of the millennium and get a Hungarian friend soon without hesitation. Thank you very much for your attention.

The appreciation of the meeting was expressed by Bart Mindszenthy, A.P.R., Partner, Mindszenthy & Roberts and a Director, The Empire Club of Canada and The Hon. David M. Collenette, Transport Minister, Government of Canada.

November 4, 1999

Sheelagh Whittaker

President and CEO, EDS Systemhouse Canada Ltd.

RE-THINKING THE IT MODEL

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

Montague Larkin, C.A., Retired Executive Director, The Ireland Fund of Canada and an Honorary Director, The Empire Club of Canada; Reverend Dr. Andrew Stirling, Senior Minister, Timothy Eaton Memorial United Church; Lesley Wroughton, Journalist, Reuters; Jim Rager, Vice-Chairman, Royal Bank of Canada; Nona Macdonald-Heaslip, Director, Banff Centre of Fine Arts and a Past President, The Empire Club of Canada; John C. Koopman, Principal, Heidrich & Struggles and a Director, The Empire Club of Canada; Sherry Ramersaud, OAC Student and Student Council President, Western Technical/Commercial School; William Morgan, Journalist; and John Craig, Corporate Sales Manager, Cantel AT&T Canada.

Introduction by Robert J. Dechert

The e-commerce revolution is exploding all around us; the harnessing of new information technology to the Internet is changing the way we buy and sell everything globally in the blink of an eye, and with much better information about the marketplace than ever before.

Incorporate a company called xyz.com, list it on NASDAQ and you will be a billionaire in less than two weeks. Eighteen-year-olds are doing it every day. Your next e-commerce project can't fail—right? Or can it?

Ladies and gentleman, our guest speaker today is well qualified to explain to us the many risks associated with e-commerce projects.

Sheelagh Whittaker holds a Bachelor of Science degree from the University of Alberta, a Bachelor of Arts degree from the University of Toronto and a Master of Business Administration degree from York University.

Ms. Whittaker began her career as a combines investigation officer for the federal Department of Consumer and Corporate Affairs.

Later, as a director and partner of the Boston Consulting Group for eight years, she led the successful application by the Cantel Group to operate Canada's first national cellular radio network.

In 1986, Ms. Whittaker was appointed Vice-President, Planning and Corporate Affairs, of the Canadian Broadcasting Corporation. While at the CBC, Ms. Whittaker played a crucial role in winning the CRTC license to operate CBC Newsworld.

In 1988, Ms. Whittaker joined Canadian Satellite Communications Inc. and was appointed President and Chief Executive Officer of that corporation in 1989.

She was chosen as "Woman of the Year" by Canadian women in radio and television in 1992 and was awarded the outstanding Executive Leadership Award from York University.

In 1993, she joined EDS Canada as President and Chief Executive Officer.

Ms. Whittaker serves on several public company boards including the Royal Bank of Canada, Royal Trust Corporation, Imperial Oil and SPAR Aerospace.

Ladies and gentleman, please welcome Ms. Sheelagh Whittaker to the podium of The Empire Club of Canada.

Sheelagh Whittaker

Thank you. Good afternoon.

It is always a pleasure to come to the Empire Club and share what's on one's mind with a grown-up thoughtful audience. The future is coming at us so fast these days there is seldom even enough time to enjoy the present. It often feels as if we are in danger of being overwhelmed entirely unless we can find a new strategy, a new way of doing things. But to illustrate properly I have to begin in the past.

In early September 1974 I went to Eaton's where I put down $129 to buy a calculator. It had four functions which seemed like a lot at the time. It could add, subtract, multiply and divide and I needed it to do my MBA course work. I was also engaged in a little biological multiplying of my own. Some babies get to listen to symphonic music in the womb. My baby Megan had to be content with quite audible clicks of the calculator's keys.

Fast forward 25 years and no one even makes a four-function calculator anymore. You can buy a calculator with memory the size of a credit card for less than $5. Sometimes they are even given away. Megan goes to law school in her clumpy platform shoes with her eyesight perfected by laser, carrying a laptop. She uses the Internet to register for her courses, to find out her marks and to do her law research. Megan is a second-generation IT user. For my generation the Internet is still largely a curiosity. For Megan's generation it is a given.

What we have here is an information technology generation gap. And it is a classic. My generation is still running most of the economy and making the business investment decisions. But Megan's generation is our market and our future. You may have noticed that a lot of the most successful new businesses we hear about these days are run by young people; in some cases teenagers. Could that success have anything to do with the fact that the people running those new businesses are the peers, the contemporaries of their target market? They don't have to struggle to reach their customers across a generational divide. They all speak the same largely unintelligible language.

So what are all we old people who run businesses supposed to do? Well we could simply arrange to be picked up in a van and taken away to a nice peaceful home for out-of-date executives while they bring in the 15-year-old replacement. But if that isn't our first choice then we want at the very least to work seriously at understanding the uses and the potential of information technology and at getting help to put that understanding into practice.

If Thomas Watson and his colleagues at IBM worked with a framed exhortation to "think" on their wall then every executive of today must recognise the need to re-think. To ensure our effectiveness, perhaps even our survival, in the rapidly evolving information-rich Internet-based digital economy we will all have to re-think information technology, our attitude towards it and its proper central place in the future of our businesses.

Under the initial IT model, computer systems were largely just counting machines. They tabulated, measured and reported transactions. As they became more powerful they also became better at reporting not just numbers but broader information. More information than you could ever want to use. So much information that huge digital storage bins, data warehouses, had to be built just to house all that information. An entire sub-industry, the development of so-called business intelligence tools, sprang up. Their soul purpose was to help you wade through all this stuff in the data warehouse to locate pertinent useful information hidden within its overstocked electronic shelves.

For many companies, setting up an in-house computer system was, and in some cases sadly still is, a rather unimaginative process of specification writing and specification filling. The questions asked tended to be mostly not about the true potential of the system but practicality of the system as if it were a telephone or a kitchen appliance. How much does it cost? What are the service charges? When can it be delivered and installed? When am I going to have to replace it? Just lately there's been added to this the new but still vague question: Oh and while you're at it can you see if the Internet can help?

Corporate IT departments, experts in execution but often left on the periphery by senior management, mainly look to equipment manufacturers for leadership on what they should acquire and build. For the company they worked for, they simply became willing and ultimately very expensive order takers even when the orders were contradictory or only led to more information and complexity than the company needed or it could possibly swallow.

The previous generation of senior executives clearly viewed technology as at best a support function. Its real worth, conventional wisdom held and in many cases still holds, was improving productivity to do the same thing but faster. Although the productivity gains sometimes proved illusory, computers certainly did enable business to do many more and different things with data which at least diverted one's attention from the lack of productivity improvement.

In my view, however, the use of IT can no longer be considered either a productivity or a data manipulation issue. Or expensive either. In the right hands IT today can provide depth, quality and flexibility to a business's business. And perhaps even save it. But to achieve that, IT thinking must become integral to the business.

There is a new-generation IT model emerging—one that responds to real immediate needs. This model recognises above all the potential of new technologies to be absolutely central to a business. Not just as tools to help manage the business better but as a means actually to invent new business. Lots of new business.

If I had to invent a catch phrase, it might be think yesterday, re-think tomorrow. Rather than rely on a slogan though, it might be more useful to give you a few examples of why I believe it's so imperative that we indeed should re-think our attitudes towards best ways of benefitting from information technology and the skills of those who practice it.

The next-generation IT model, the re-think model, arises inescapably from a number of today's most urgent current business issues. The old verities are changing. Once a substantial company could be confident in pursuing further business with its existing customers. It enjoyed a privileged position because the price of entry for a new competitor was untenably high. No more. Today telephone companies with intricate networks of copper and fibre with a large and experienced staff and a century-old name find themselves having to compete against companies with new names and new services operating on equipment leased by the call. Suddenly substantial investment in equipment, staff or infrastructure is not an impediment to entry by competitors. Rather it is an onerous burden which generally reduces one's agility and flexibility. Long-standing businesses and corporate identities are being redefined. Suddenly Loblaws is your banker. And you're your own car dealer dictating car engine, trim, colour and options direct to the factory as if you owned the place. The same-day delivery of a customised car is even being talked about.

This is a world in which more than ever one needs to concentrate on seeing things as they are, not as they were. "For people with young children," says my husband, "MacDonalds is now a toy store that gives away food." A U.S. cellular phone executive I met with recently describes what his company sells as a credit card you talk on. A friend of ours in Montreal said he's already convinced that there's no long-term future in conventional retail and that before long much of our major shopping will be done via the Internet. In terms of investment though he's finding it difficult to figure out which companies will succeed. He had a bright idea however. The company that makes the sale will need a delivery service. So you can guess what shares he's accumulating.

It isn't easy for first-generation IT people to re-define ourselves quickly enough, never mind articulate the requisite compelling new vision. What many of us do find easy, dangerously so, is to become a little less resilient, even a little hesitant. In the urgent demanding impatient world of new technology and new investor expectations, he or she who hesitates can be lost or at least badly damaged.

Take the recent experience of Peter Job. At a meeting with analysts in late October, Mr. Job who is CEO of Reuters, was questioned about his company's response to the highly competitive business information market. He said in an admirably honest but unguarded moment: "It is hard to be clear about strategy because of the high rate of change." Peter Job has operated Reuters quite effectively during his time as Chief Executive Officer growing the company and increasing shareholder value, but also building up a substantial cash reserve. Looking at investment options Job and his Board saw nothing that had clear-cut appeal and so they decided instead to try and further enhance value by buying back some Reuters shares. It is an approach that many companies have taken and often been greeted with analyst and investor approval—but not this time. A couple of key members of the business press in London put the statement about strategy together with the buy-back and flatly accused Reuters management of having no idea what to do next. And a well-managed company with a highly successful record suddenly lost 40 per cent of its market value. Subsequently one of the London analysts expressed sympathy for Peter Job and tried to explain what seemed like such a huge market over-reaction. "If you look at the whole media sector in the U.K. today it is in a state of turmoil," said the analyst. "Many companies are faced with the replacement of their business through a quicker, cheaper, means of distribution."

In truth no one including the experts knows for sure which companies are in that category. Meanwhile, however, even a tiny hint of uncertainty becomes a self-fulfilling prophesy of doom. Regulators of course are completely flummoxed by the challenge of the Internet. Even legislation devoted to specific industries is left behind. One might think it unlikely for example that the Bank Act covers Loblaws. The CRTC has announced its decision not to regulate the Internet which is a bit like King Kanute announcing that he has decided not to regulate the tide after all.

Among today's business leaders there's already widespread recognition that we must take risks and make bold strategic leaps if we want to still be here tomorrow. But as Reuters case shows, even today's routine decisions are fraught with risk. In the bank business, for example, it seemed only a routine decision to prepare for substantial growth in PC banking. It was a judgment that most banks in North America made and acted upon. But almost before the software could be written, the brochures printed and the amortisation of investment schedules put in place, it all had to be written off. Before it could even get seriously started, PC banking had been leapfrogged and superseded by Internet banking which is so much more flexible and easy to use.

Today some companies with a long successful history, suddenly experiencing their first death throes, realise that their only hope is to bet everything that they have on an IT play.

Last week for example Encyclopaedia Britannica announced that it would make its entire 32 volumes available free on the Internet. Only a few years earlier Encyclopaedia Britannica had declined to participate in a CD ROM partnership proposed by Microsoft. So Microsoft went with Funk & Wagnells to offer an electronic version of what many would have considered an inferior product. Britannica's sales have now fallen so far that the company saw no alternative but to offer its entire encyclopedia free on the Internet and rely for future revenue on adjacent advertising. But that's not the end of the story. The further irony is that the demand was initially so great that Britannica's rather amateurish web presence collapsed under the sheer weight of it. There is clearly a tremendous business there but they took far too long to decide to go the Internet route.

I recognise that giving up one's traditional marketing approach is scary enough and that the prospect of offering everything of value that you own free of charge to anyone who wants access seems downright suicidal. But doing those two frightening things could've saved Encyclopedia Britannica and still might if they get the right type of IT going quickly. In any event it is increasingly clear that doing nothing or adopting a cautious wait-and-see approach is simply no longer an option for most businesses.

If people of my generation, IT-1, find this difficult to accept they should simply try looking at the world through the eyes of the next generation—IT-2. Our grown-up children would never think for a minute that the web was just a passing fancy or not applicable to a company's fortunes. Quite the reverse. Members of that second IT generation who after all are the potential customers, employees, partners and suppliers of your business simply take involvement with the Internet for granted. I try to put myself in their uncomfortable looking shoes. "If you were part of that generation," I ask myself, "would you even consider dealing with a financial institution whose web presence was non-existent or just rudimentary?" Of course not. "As a bright young graduate would you want to work for a non-net company? If you are running a modern digitally efficient business yourself would you want to be supplied by or be in partnership with a company that reeks of the day before yesterday?"

The truth is that without the Internet, indeed without an intelligent future-oriented IT strategy, companies may simply not have any future to worry about. It isn't an easy conversion for older folks like us to make no matter how smart we may be. Rupert Murdoch, one of the most astute and successful businessmen of our generation, IT-1 that is, held out for years, always saying that the Internet would destroy more businesses than it creates. But this summer Murdoch's News Corporation established a subsidiary to explore electronic ventures in investments and then Rupert Murdoch placed his younger son James in charge of new technology issues for the whole of News Corporation. I guess Murdoch recognised that there is at least a need to hedge his bets to try and make sure his own businesses aren't amongst those that are being destroyed. Rupert says privately that he still doesn't understand the technology, maybe never will, but that he is trying hard. In fact that's a pretty impressive conversion for a 69-year-old IT generation-one type. Perhaps however it is no coincidence that Rupert Murdoch recently remarried and that his new wife, Wendy Dunn, is 31. And definitely a member of IT generation two.

I have to say though that Rupert wasn't entirely wrong in his earlier stated opinion of the Internet. It will indeed destroy many businesses. It is probably doing so right now. And just being on the Internet doesn't by itself guarantee success unless you have a desirable product and the other elements of a viable business. We don't really know yet how it will do at creating businesses aside from the novelty stories like the 14-year-old getting rich from the Pokemon sites he established. Things are moving so fast. When our son Nicholas was three he got into an airport limousine and said: "Driver, take me to a toy store." Three years later, he and his school friends are more likely to want to visit those Pokemon sites, not by limo but via the Internet. And though their shares may have gone through the roof on the basis of hope, many of the newly minted Internet companies can't seem to come up with very convincing answers when one pins them down about how they propose to generate profit or even just revenue.

To me a much better proposition is to be found using the Internet and other aspects of information technology to recreate businesses which already have a proven product but will lose out possibly even to inferior products unless they find ways of using the new technology effectively and relating successfully to IT generation-two customers.

And that brings me all the way back to what I said earlier about how imperative it is that we generation-oners should re-think our attitudes towards information technology and the profit role for its practitioners today and in the future. As I intimated, in the days when information technology was thought to be all about productivity, IT professionals were serious-minded support staff with nerd packs and a helpful demeanour. Now that the advances we've been considering today have forcibly moved technology from being an administrative function to being a truly strategic one, no longer just the peg that holds one corner down but the pole that keeps the entire tent up, those who work in information technology are themselves going to have to stand up and be counted in a whole new way.

Maybe the aid to memory I was reaching for earlier is simply this. Old IT supports existing business while it lasts. New IT recreates business. What I would propose if one really wants to move a company where it can optimise the benefits of information technology is that IT itself be brought into the very centre of a company's thinking. Your IT resource should be part of your company's strategy sitting at the top table and personally bringing the knowledge and expertise that is essential for survival or recreation of your business. Whether as a partner or a key internal executive this person must be capable of much more than being your technology eyes and ears. This must be someone who is both the supporter and the champion of process change; someone who ensures the development and implementation of IT strategies tailored specifically to your business and the way it can best be conducted and grown. At the same time your IT resource should have a greater understanding than anyone of the impact of technological change on your people and how to help them deal with it comfortably and effectively. Finally, your IT resource should be capable of providing, or at least contributing to, what President Bush used to call "the vision thing." After all who would be better to look ahead, to project how your business might best be configured one year from now, five years from now, see where the next technological developments will likely take you and determine who might be out there trying to converge on your space?

Stated like that it does sound like a big jolt but I like to think that the best of us in the information technology trade, especially those who already look at these matters more from a strategic or a consultative viewpoint than from a manufacturing one, are good and ready. Thank you.

The appreciation of the meeting was expressed by Nona Macdonald-Heaslip, Director, Banff Centre of Fine Arts and a Past President, The Empire Club of Canada.

November 10, 1999

John K. Carrington

Vice-Chairman and Chief Operating Officer, Barrick Gold Corporation

THE CANADIAN MINING INDUSTRY

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

Lisa Czach, Senior Consultant, Hill & Knowlton Canada and a Director, The Empire Club of Canada; The Reverend Dr. Brian Freeland, Associate Priest, St. Thomas's Anglican Church; Phillip Muller, Student, Etobicoke Collegiate Institute; Gordon Peeling, President, Mining Association of Canada; Deborah McCombie, President, Watts, Griffis & McQuat; Dr. Michael Sopko, Chairman and CEO, Inco Limited; The Hon. Thomas Hockin, PC, President and CEO, Investment Funds Institute of Canada, Former Canadian Minister of Small Business and a Director, The Empire Club of Canada; Maureen Jensen, Director, Mining Services, Toronto Stock Exchange; Patrick Reid, President, Ontario Mining Association; Dave Goldman, Executive Vice-Chairman and Chief Operating Officer, Noranda Inc.; and Carole Kerbel, Executive Vice-President, General Manager, Toronto Office, Hill & Knowlton Canada.

Introduction by Robert J. Dechert

> "There are strange things done in the midnight sun
> By the men who moil for gold;
> The Arctic trails have their secret tales

That would make your blood run cold.
The Northern Lights have seen queer sights,
But the queerest they ever did see
Was that night on the marge
Of Lake Laberge
I cremated Sam McGee."

Every student of Canadian literature knows those famous words by Robert Service which illustrate the relationship between the mining industry and Canadian history and culture.

The search for gold and other minerals opened up Canada and formed the foundation for our modern industrial economy. Shortly after the dawn of the twentieth century, John Dafoe remarked that "The towering skyline of Toronto... depends on the mines in the northern ranges of Ontario. The height of the one in balance with the depth of the other."

In 1998, the mining and mineral processing sector of the Canadian economy generated an estimated $26.5 billion, or 3.8 per cent of the nation's gross domestic product. As a world leader, the Canadian mining industry exports roughly 80 per cent of its production, representing 14 per cent of total domestic exports. The Canadian mining industry directly employs approximately 338,000 Canadians. It ranks number one in productivity growth amongst Canadian industrial sectors and invests approximately $350 million annually in research and development.

The Canadian mining industry has transformed itself from a domestically based industry to a global leader over the last 15 years. Large Canadian companies now control approximately one-third of planned exploration expenditures around the world.

The shares of more than 1,400 mining companies are traded on the major stock exchanges across Canada. Today, mining shares represent approximately 23 per cent of the TSE 300 trading volume.

For the past few years, however, the Canadian mining industry has been savaged by historically low mineral prices and turmoil in Asian markets. While a few large mining corporations are reporting profits, most companies are operating at break-even levels or worse. The mining industry is being forced to make tough decisions, resulting in suspension of exploration, mine closures, layoffs, asset write-downs and consolidation.

At the threshold of the new millennium what is the prognosis for this historic and vital Canadian industry?

As Vice-Chairman of Barrick Gold Corporation, John Carrington knows what is required to survive and succeed in this challenged industry.

Barrick Gold Corporation is the world's lowest-cost producer of gold and one of the most profitable. Barrick's aggressive operating approach and relentless focus on productivity has resulted in a significant and consistent reduction in operating costs resulting in record earnings and cash flow in 1998 representing a 15-per-cent increase in net income from the previous year. And all of this was achieved in the face of a 20-year low in gold prices.

Mr. Carrington received his Masters degree in Mining Engineering from McGill University in 1968. He has had an extensive career of more than 30 years in the mining industry. Prior to joining Barrick, Mr. Carrington was President and Chief Executive Officer of Noranda Mining and Exploration Inc. He joined Barrick in 1995 as Executive Vice-President of Operations. In 1996, he assumed responsibility for all of Barrick's mining operations as Chief Operating Officer. And earlier this year, he was elected Vice-Chairman of Barrick.

In recognition of his knowledge and expertise in the industry, Mr. Carrington was recently elected Chairman of the Mining Association of Canada.

Ladies and gentlemen, please welcome Mr. John Carrington to the podium of The Empire Club of Canada.

John Carrington

Thank you for that kind introduction.

I am delighted to have the opportunity to address this prestigious Club, one of Canada's oldest speakers' forums. The Empire Club has provided a distinguished platform for many of Canada's prime ministers and for some of the greatest personalities of this century—individuals like Winston Churchill, Indira Gandhi, Golda Meir and, I note with some curiosity about my own family tree, Lord Carrington. Now Lord Carrington was a distinguished British career diplomat and statesman, finishing his career as the Secretary General of NATO in 1988. A long way from my line of Carringtons.

I am honoured to be included among such notables. I cannot claim to have shaped a nation's destiny. I do stake my claim though as a leader of the Canadian mining industry—an industry that truly has shaped, and will continue to shape, Canada's future.

This afternoon I would like to talk to you about this great industry and its meaning to Canada and Canadians. It's a story of romance, wealth creation, high finance and technology. It is not without its current challenges, both domestic and international.

Domestically, we struggle with an inefficient approval process governing new mine developments in Canada. Internationally, we are facing the growing use of non-tariff trade barriers against metals. My message is that mining is much too important to Canada to be undermined by issues like these. We must overcome these obstacles if mining is going to continue playing its dynamic role in this country's economy and future.

Personally, I want to engage your interest in this industry. I want to make you feel proud; proud of an industry that adds to your quality of life, tries to learn from its mistakes and seeks continually to improve itself.

First, I will outline the significance of mining to Canadians. Then I will lay out issues for your consideration. Following that, I will present some suggestions for going forward.

Significance of the Industry

Let me begin by telling you why the mining industry is so important to Canada. Mining helped build this country. It opened Canadian frontiers. Glace Bay, Rouyn-Noranda, Val d'Or, Chibougamau, Sept-Iles and Labrador City, Sudbury, Timmins, Kirkland Lake, Cobalt, Flin-Flon, Thompson, Fort McMurray, Trail, Kimberley, Dawson City all started as mining towns. Today they're strong municipalities in their own right.

Grizzled prospectors, canoes, and caged canaries for testing the quality of underground air are a part of our history. But that history, rich and romantic as it is, reflects nothing of the modern world of Canadian mining. Today, mining is a major contributor to Canada's economy. It is high-tech. It is very conscious of its social obligations.

In 1998, mining, smelting and refining generated $26.5 billion of value. We export 80 per cent of our production, which has more than doubled in the last five years. Today, one in seven of all Canadian export dollars comes from mining. Mining has helped make Canada a major world trader.

As a major exporter, we account for more than half of the rail revenues of this country and two-thirds of the volume of all goods leaving Canadian ports. We are the largest user of the transportation sector, our business helping it to thrive. A nice spin-off is that other important users of the sector, like agriculture and forestry, benefit from transport's robustness.

Today, Canada ranks among the top-five producers of 17 major minerals and metals. It headquarters some of the world's largest and most successful multinational mining companies: Noranda, Inco, Alcan, Cominco, Falconbridge, Placer Dome and my own employer, Barrick Gold.

Toronto is the world's centre for mine financing. Major investment banking houses have headquartered their mining groups in Toronto. Mining shares represent about one-fifth of the TSE 300 trading volume. There are over 650 mining and exploration companies, suppliers, consulting firms and service providers in the Toronto area alone.

By any measure, these are impressive statistics. But mining means even more to Canada's economy and people. We directly employ more than 368,000 Canadians. That is one out of every 40 working Canadians. We pay higher wages than any other industry. We are a powerful engine of growth—not just in rural and remote areas, but also in urban centres. For every $1 billion in output from mining, smelting and refining, direct demand for goods and services increases by $615 million.

At a time when productivity seems to be such a national issue, the mining sector can claim three of the top-10 industries leading productivity growth in this country. We have achieved this impressive growth, while continuously improving our health, safety and environmental records, through investments in high technology.

One of the reasons mining is so economically strong is its commitment to the new economy through its ready embrace of new technology. Mining is high-tech. No, this is not an oxymoron. Canadian geologists and geophysicists have developed sideways-looking radar for airborne surveys to penetrate foliage cover to see directly the land forms beneath. They have developed airborne sensors to allow us to map the rocks being flown over. Last year at the Canadian Institute of Mining and Metallurgy's centennial meeting in Montreal, INCO engineers operated a drilling rig deep in one of their mines at Sudbury from a console in downtown Montreal. Underground, driverless trucks, scooptrams and drills are becoming the norm. Now, when exactly do you expect to ride to the cottage in your driverless car? Harmless bacteria are now used to extract metals from ores. Electron microscopes probe the atomic structures of ore minerals and metals, providing insights into the most efficient ways of recovery. And Noranda's engineers are building a new magnesium metal plant using exclusive Canadian technology. The feed source for this plant are old asbestos tailings. What a wonderful example of recycling.

Finally, let me really bring the significance of mining closer to home.

Look around this room. Windows and drinking glasses: silica. Plaster and china: gypsum and clay. Knives, forks, spoons: steel and nickel. Wedding bands, rings and jewellery: gold, silver, platinum and precious stones. Ornamental lights and chandeliers: tungsten, brass and silica. Go a little farther to your office: your PC-31 different metals. Heat shields: gold. That gold tinge to the Royal Bank towers is not an optical illusion. There are 2,500 ounces of gold in those glass panes to keep heat in and out. Bic lighter tops: zinc. The oomph to get your car going in the morning: lead batteries. Whether you realise it or not, metals and mining products are as ubiquitous as the air we breathe. Life without them, as one wag put it to me, would be the end of the civilised world as we know it.

Challenges Facing the Mining Industry

Let's turn now to those challenges I mentioned earlier: our policies governing new mine development approvals in Canada and the growing use abroad of non-tariff trade barriers to metals. Both are significant. Both are very worrisome.

First, new mine developments in Canada. Mining is important to Canada. You know that. But it is critical for all of us—particularly public policy makers—to realise that there is a disturbing reality that has the potential to seriously hamper mining's growth. Within Canada, overlapping bureaucracies and tangles of red tape are stalling major mining developments. Our public policies about natural resource developments are confused, costly and inefficient. Here are three examples:

Voisey's Bay. The discovery by two prospectors of this significant nickel deposit in Labrador led to one of the grandest takeover struggles in Canadian mining history. The stuff of great mining lore. Today, five years later, we still don't have an approved mining project in Voisey's Bay. News reports suggest that the government and the company are at least now talking about solutions and a development plan, but the delays have meant lost opportunities for Newfoundland and Aboriginal people while one of the richest nickel deposits in the world lies fallow.

Cheviot. The Cheviot mine is a coal development in the foothills of the Rockies in Alberta. The project received its provincial and federal permits after extensive environmental reviews. Subsequently, the permits were challenged in court and have been overturned. After six years of examination, the fate of Cheviot is still unknown.

Cheviot illustrates the tremendous uncertainty and lack of finality of the permitting process.

Sunpine. Again, a lengthy review process outcome has been overturned, this time against a logging development in Alberta. Here we have a court ruling relying on a debatable interpretation of the Canadian Environmental Assessment Act. The reason I say "debatable" is that for two other different cases the court has interpreted the same article in exactly the opposite sense.

These experiences, combined with the painfully slow resolution of Aboriginal land claims, are seriously compromising the attractiveness of Canada for mining and other natural resource investment. Canada, and by this I mean the federal and provincial governments, has not yet put in place a clear and comprehensive project-approval process, one that respects the societal values we all share while at the same time fostering investment.

A second emerging issue reflects the activities of Canada's trading partners. This is the rise of non-tariff, trade barriers. Increasingly, we are seeing product bans, labelling and health, consumer and environmental restrictions that discriminate against our exports. The impact on metal markets is real; it is serious and it is already being felt. Canadians have every reason to be concerned, given the importance of mineral exports to Canada.

Let me be clear. Banning, labelling or imposing restrictions on products that truly pose unacceptable risks, be they health or environmental, is absolutely correct. I, for one, am pleased that my sons and granddaughter live in a country where gasoline and paints are now lead-free. However, there are very beneficial uses for lead that are safe. What we must do is educate others about the safe uses of lead and other metals.

We are strongly committed to improving environmental performance and meeting sound health standards. We should not, however, let inconsistent environmental and health rules become the trade barriers of the future. A careful review of recent actions in Europe reveals their arbitrary nature. For example, the European Union is trying to block imports of electrical and electronic equipment containing lead solder. They want to ban nickelcadmium (Ni-Cad) rechargeable batteries, the one battery in its line that can be fully recycled.

These actions appear to contravene obligations under the General Agreement on Trade and Tariffs, GATT, and the World Trade Organization, as well as the current Technical Barriers to Trade Agreement. Any supposed health-based rationale is spurious. Solder and Ni-Cad batteries account for negligible amounts of the lead and cadmium in the European environment.

These issues are raised under the umbrella that they pose unacceptable risks. We all know that we do not live in a risk-free world. There are acceptable ways of managing these risks without banning products. To highlight the hypocrisy, Europe, while imposing these bans, has been very slow to ban lead in gasoline. It has been reluctant to encourage lead battery recycling or to switch to low-cadmium phosphate fertilisers, by far the largest contributor of cadmium to Europe's environment. It is interesting to note that the European Commission has not proposed bans on the less recyclable and more expensive lithium-ion and European-manufactured nickel-metal-hydride batteries.

Is this kind of activity peculiar to metals exports? Not on your life. You know that the forestry business has been facing foreign import bans for years, for a variety of reasons. And like some metal restrictions, some of these bans are nothing short of environmental protectionism. Should arbitrary or unsubstantiated environmental rules prevail in the trade arena, no resource sector in Canada will be safe.

The Solutions

These problems call for bold solutions. Let me suggest the kinds of steps we must take to champion an industry that has provided so much for Canada.

We really must slice through the red tape and bring some common sense back to the mine-development approval process. This will not be easy. Any solution must involve Canadian policymakers, both federal and provincial, our own industry and other stakeholder groups. We seek a process that is attentive to all groups. One that is predictable, i.e. it will end; think of Cheviot. And one that is complete, i.e. the outcome, be it yes or no, is the final outcome. Future actions can then proceed secure in the knowledge that the decision is firm. We are not asking for a process that would ignore environmental or social concerns. Au contraire. The process must integrate them. We must improve our dialogue and our partnerships with environmental groups, Aboriginal peoples and the communities in which we operate.

We do have recent examples of successful dialogue with our stakeholders. Falconbridge's successful development of Raglan in Northern Quebec, Syncrude's oil sands expansion in Northern Alberta and BHP's commissioning of Ekati in the Northwest Territories, Canada's first diamond mine all required extensive interactions with different Aboriginal communities and environmental groups. The industry is attentive to its stakeholder groups and is continually learning how to improve the quality of these relationships.

The forthcoming review of the Canadian Environmental Assessment Act will be a good time to show that we can work together and improve the process. Already, preliminary discussions with members of the environmental community are suggesting ways to create a win-win situation. We are seeking improvements to the environmental-assessment process that will guarantee adequate environmental protection, while providing a better investment climate for mining and other industries.

If we don't succeed, Canada will suffer serious consequences that are in no one's interest.

With the same constructive spirit, the industry and government must work together to address threats to market access. This includes helping to provide manufacturers and consumers with the best information available about our products, their relative risks and how they can be used safely. It's often difficult for us to monitor and influence the final use of our products. But we're realising that if we don't do it, no one else will.

We support the product stewardship initiatives of commodity associations. Lead producers, for example, have launched an international programme to help governments and industries reduce significant lead exposure risks. And two months ago, the Board of the Mining Association of Canada formed a Task Force on Sustainable Mining Development. Over the next few years, it will be developing actions to ensure responsible stewardship of the many facets of mining operations.

But industry cannot combat these non-tariff barriers by itself. We also need government support. This month, global trade ministers meet in Seattle to launch the next round of WTO negotiations. Among the issues to be addressed is the growing use of non-tariff barriers to trade. As Canada's delegation heads to Seattle, we will be urging the federal government to pursue more stringent international and national standards for technical barriers to trade. These must be based on scientifically sound risk assessment and management, including consideration of the risks of using alternative products.

In November 1996, the federal government adopted a new Minerals and Metals Policy that reflects the principles of the Rio Declaration on Environment and Development. It states that products should be banned only when they pose unreasonable and unmanageable risks. It is of paramount importance that this policy guide Canada's negotiations in Seattle.

Conclusion

I'd like to conclude by reaffirming my message: the great importance of mining to Canada demands that the industry, government and all stakeholders work together to overcome the obstacles to its growth.

Vigilance and support are the watchwords. Whether it is mining, forestry or agriculture, we all need to be aware of and stand against inefficient public policy or unjustified protectionism. We owe this to Canada.

The strong ties of the mining industry to other key engines of Canada's economy—the financial and transportation sectors, the rapidly growing high-tech industry, our research and development institutions and universities—mean that these issues are of concern to the entire business community, to governments and indeed to all Canadians.

With informed citizens, clear-headed political leadership and a good balance of economic and social goals, we can ensure that we have a vibrant mining industry for the benefit of future generations. I have every confidence this will happen. Working together, we will get it right. We will continue to mix the wealth of our human resources with those of the earth; a formula that will ensure we all continue to enjoy a strong economy and quality of life that is the envy of the world, well into the next millennium.

Thank you very much.

The appreciation of the meeting was expressed by The Hon. Thomas Hockin, PC, President and CEO, Investment Funds Institute of Canada, Former Canadian Minister of Small Business and a Director, The Empire Club of Canada.

November 18, 1999

Jeanne Lamon

Music Director, Tafelmusik Baroque Orchestra

Lynn Haight

President, Tafelmusik Baroque Orchestra and Senior Vice-President, Risk Management, The International Order of Forresters

TAFELMUSIK BAROQUE ORCHESTRA

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

Edward P. Badovinac, CET, KH, Director, The Empire Club of Canada and Chairman, The Empire Club Yearbook; The Reverend Charles R. Plaskett, Minister Emeritus, Timothy Eaton Memorial United Church; Peter Simon, President, Royal Conservatory of Music; Peter Menzel, President, Agincourt Autohaus; Tamar Oppenheimer, OC, Retired Assistant to the Secretary General, United Nations; Montague Larkin, C.A., Past President, Canadian Opera Company, Director, Toronto Arts Council and Honorary Director, The Empire Club of Canada; Ottie Lockey, Managing Director, Tafelmusik Baroque Orchestra; Sandra Smith, Senior Music Student, Humberside Collegiate Institute; Kevin Aalto, Partner, Gowling Strathy & Henderson and Secretary, Tafelmusik Baroque Orchestra; and Donna Scott, Executive Director, Ontario Arts Council.

Introduction by Robert J. Dechert

For 20 years Toronto has been privileged to be the home of one of the world's great orchestras. The Tafelmusik Baroque Orchestra was founded in 1979 and has, since 1981, risen under the inspired leadership of Jeanne Lamon to achieve international stature.

The Tafelmusik musicians are known throughout the world for their unique specialty in historical performance practice; that is playing the music as its composer intended on period instruments.

In addition to performing over 50 concerts a year in Toronto, Tafelmusik tours extensively around the world each year.

During the last 20 years, Tafelmusik has recorded over 50 CDs which have received numerous awards, including five Juno awards for "best classical album" and a Cannes classical music award, among others.

Our special programme today will include a demonstration of the orchestra's unique character by Ms. Jeanne Lamon followed by a presentation on the history of Tafelmusik by the orchestra's President Lynn Haight.

Jeanne Lamon began studying the violin at the age of seven. She earned a Bachelor of Music degree from Brandeis University where she studied violin with Robert Koff. Subsequently she continued her studies in Amsterdam, Holland under Hermann Krebbers, then the concertmaster of the Concertgebouw Orchestra.

She returned to North America in the mid-1970s and quickly established a successful career as a baroque specialist. In 1974, she became the first violinist to win the prestigious Erwin Bodky Award for excellence in the performance of early music.

In the late 1970s, Ms. Lamon made two guest appearances in Canada with Tafelmusik, which resulted in an invitation in 1981 to become the Music Director of Tafelmusik.

She also teaches at the University of Toronto and the Royal Conservatory of Music.

Under her leadership, Tafelmusik has achieved international stature and is considered one of the best ensembles in its field. Ms. Lamon has been honoured with many awards in relation to her work with Tafelmusik, both for her virtuosity as a violinist and her strong musical leadership.

Most recently, she was awarded the 1999 Molson Prize by the Canada Council, in recognition of her lifelong commitment to the arts and excellence in her field.

Ladies and gentleman, please welcome Ms. Jeanne Lamon to the podium of The Empire Club of Canada.

Jeanne Lamon

Generally people do not ask me to talk about the business side of the organisation since I am the artistic director. Traditionally the artistic director and the management team are at odds with one another. The artistic head is supposed to be outrageously temperamental, full of unrealistic ideas and fiscally irresponsible. The CEO traditionally tears out his or her hair in total frustration at the preposterous projects that we artistic types identify as necessary for our artistic growth. And, I might add, we artistic directors tear out ours at the overly rational, bean-counting mentality of some of our managing directors. Don't they have any imagination? Do they really think there is no more to life than the bottom line?

But that is not the case at Tafelmusik and never has been. Artistic and administrative leaders have worked together respectfully and responsibly towards common goals, both artistic and otherwise. So it is with pleasure that I have agreed to talk to you today about the success of Tafelmusik.

For those of you who have never been to a Tafelmusik concert, I would like to say a word about our music and our philosophy of music-making and how they differ from those of a modern symphony orchestra. Our field of specialty is baroque and classical music on original instruments. We are considered among the four or five best baroque orchestras in the world. We are the only such group from North America. Most of our peers are in Europe. Baroque music is an area of music which was quite unknown some 20 years ago when Tafelmusik began. However it is extremely popular now. This is not only obvious in our audience growth, from 200 subscribers in 1981 when I began to 3,500 today. CD sales worldwide of baroque music on original instruments confirm its overwhelming popularity. Symphony orchestras rarely programme baroque music anymore, leaving it to the "experts" (that's us) and baroque orchestras are sprouting up all over the world in every city, most of the North American ones modelling themselves proudly and openly on Tafelmusik.

I used the word revolution—and revolutionary it has certainly been! As revolutionary in the music world as computers, answering machines, cell phones and fax machines have been in the office place. Twenty years ago cassette tapes were all the rage and CDs and answering machines did not yet exist. And baroque music was played in a very romantic and unenlightened way.

We have learned many things in the past 20 years, one of which relates to the kind of music we play at Tafelmusik. Baroque music, even played badly, has always been somewhat popular, but not to the extent that it is nowadays. I am talking about music by popular composers Bach, Handel, Vivaldi and many others. It is music written between 1600 and 1750. The Tafelmusik orchestra and choir also specialise in music of the classical period, meaning Mozart, Haydn and Beethoven.

I would like to talk a bit about this "revolution." It basically means taking the music on its own terms. We try not to translate it into something it never was. It is somewhat analogous to playing Shakespeare in English, not German, no matter how good the translation. Specifically, that means using the instruments which the composers had at hand and therefore in their mind's ear. It means immersing ourselves in the culture of their times—looking at the art, the architecture, the literature etc.—so that we can breathe a more vibrant sort of life into the music. It means re-learning the broken tradition of ornamentation and improvisation which was so common at the time. In this way, our music more closely resembles jazz than standard classical music. It means using the approximate number of musicians who were at the first performance, not six or 20 times as many. It means trying to perform in spaces similar to those used in the 18th century since music does not happen in a vacuum. The acoustical and spiritual space in which we play is a very important part of the overall experience. Our audience just adores the intimacy and acoustics of our little home church, Trinity St. Paul's in the Annex, where they sit in the round and can see and hear well from everywhere in the room.

First I would like to show you my baroque violin and bow and compare them to their modern counterparts. The greatest violin maker of all time was Stradivarius. Stradivarius made baroque violins. They weren't called that of course because they were simply "violins." But they were set up differently then when they came out of his shop in 1700 than they are now when you hear them on the concert stage.

Basically what has happened over the past 300 years is that violinists, composers and violin makers have conspired to make violins louder and more brilliant. This has the advantage of allowing the instrument to project over a huge orchestra and to be heard more clearly in large concert halls such as Roy Thomson. But something of the warmth and subtle nuances of the baroque sound is lost.

Simply put, the baroque violins and bows work best when we play baroque music. And the modern ones work best for more modern music. Baroque music tends to be about dancing and speaking, whereas modern music is more about robust sustained singing sounds.

The instruments however are only a part of the whole story. The way we play the music can make an enormous difference. I would like to show you an example of baroque music played two very different ways. Arguably the most popular piece of music in our culture is the Pachelbel Canon. This short work of perhaps four minutes by an almost unknown composer has probably sold more CDs than any other. It has been arranged in every possible way, from romantic to new age to rock mediums. The first excerpt is of a fairly traditional romantic interpretation. The second is from Tafelmusik's very first recording made in 1982. I remember the moment as if it were yesterday. It was about 3:00 a.m. We had to wait until the traffic noise died down in the area. We were in St. Anne's Church at Brock and Dundas. Things didn't seem to quieten down enough to record until well after midnight. That's when the trucks from the chocolate factory across the street finally stopped their deliveries. We certainly had no idea that night that this was to be the first of some 60 CDs (and still counting)!

The first will be the romantic version with various instruments and notes added; the second will be Tafelmusik's version. Notice how the Tafelmusik version is quicker and more transparent. In our version there are no instruments or music except those called for by Mr. Pachelbel.

Tape recorded music played.

This way of thinking about the music we play is not at all limited to the baroque. Let us take Beethoven symphonies as another example. His prize student Carl Czerny actually put metronome markings on the movements of Beethoven's symphonies, saying that these were the preferred tempos of the composer. In other words we have known for a few hundred years what speed Beethoven wanted his symphonies to be played at. But have we paid attention to his wishes? Until recently, not very often. Here is a short excerpt from the minuet of his eighth symphony by the Berlin Philharmonic under Herbert von Karajan, perhaps the most famous orchestra and conductor of the late 20th century. Notice the slow ponderous speed.

Tape recorded music played.

Next we have the same excerpt played by an orchestra on original instruments under the direction of Niklaus Harnoncourt, one of the pioneers of our musical "revolution." Notice how much more alive the music is played at exactly the tempo Beethoven wanted.

Tape recorded music played.

So, as you can see, there are many aspects to our musical revolution. The instruments, the research, the performance spaces, and most importantly the spirit of the music-making all conspire to bring the music to life in a new and contemporary way. This is far from an anachronistic exercise in museum-like performances. In fact, we have often been called the "avant-garde" of our generation of music-makers. We have been exploring new sounds, at least new to our 20th-century ears. I refer to our instruments and interpretations. We are creating from old music... new music. We have been described as creating the most exciting new esthetic in music since jazz. And we continue to be on the artistic cutting edge by exploring all sorts of collaborative media such as working with dancers, opera companies, puppets, and lots more. The baroque and classical music movement has revolutionised the way music is taught at conservatories and universities everywhere.

The Tafelmusik orchestra and choir are the undisputed forerunners of this movement in North America. And we have been able to do this because of the support of Toronto, Ontario and Canada. In the early 80s when we were starting out there was enthusiasm and money for new artistic endeavours. There was a period of enlightened Canadian pride in its culture. We certainly benefited from this favourable climate and were and are grateful for it.

Having just referred to "Canadian culture," I should say a word about that as I feel that there is often confusion about the very meaning of the word "culture." I refer especially to the unfortunate tendency to equate culture with entertainment. The aim of entertainment is to amuse and relax people. Culture is that and much much more. Culture is what defines us as a people and places us in time and space. It is what makes us Canadians at the end of the 20th century. It integrates our past, our roots, be they European, Asian, native or whatever, with our present North American reality. Our specific version of "culture" at Tafelmusik takes music from the past and makes it Canadian, contemporary, and accessible. We and our growing audiences believe firmly that the music we play is more than ever important and relevant.

Tafelmusik has proudly waved the Canadian and Toronto cultural flag around the world. We have a summer home in southern Germany where we are orchestra in residence for a prestigious international music festival. We have performed in Mexico, Venezuela, mainland China, Japan, Hong Kong, all over Europe, all over the United States and in almost every province and territory in Canada. Why does this matter? In spite of Canada's participation in the great economic conferences of the world, and even on the Security Council of the United Nations, Canada is not a well known cultural entity. Many people in Europe, the United States and Asia whom we have encountered have been surprised to discover that there is a first-class chamber orchestra in Canada. They still have the impression that Canada means mountains and lakes, Mounties and prairies, beautiful skies, hunting and national parks. But culture?

Just think for a moment what Tafelmusik, Cirque du Soleil or the National Ballet do for Canada abroad. We make the sort of links that the business world cannot make. We speak a universal language, in our case that of music. By speaking it well, we make people worldwide sit up and take notice of Canada. With respect and with admiration. In an increasingly global world, as least economically, the role of culture is changing. Cultural identity is becoming more and more important. It is the only thing which sets us apart from others in a world where everyone eats McDonald's and wears Levis. The image Tafelmusik portrays of Canada is one of sophistication and class. Our concert tours and our 60-odd CDs which sell worldwide are free publicity for every Canadian company doing business outside the borders of Canada.

Besides performing some 50 concerts at our series at home, recording and touring internationally, Tafelmusik has a responsibility to pass on what we have learned. We need to educate children, adults and young professionals. Education therefore has become one of our most important thrusts.

For students between the age of 12 and 18, we have developed a programme where our musicians go into the schools and work with the students in their orchestras, bands and choirs. As well, we bus music students from all around the Toronto area to our performance space at Trinity St. Paul's United Church at Bloor and Spadina. There we offer concerts which are designed for these students so they will learn for example about Mozart; his life, his music, his instruments etc. These have been a great success and we can barely keep up with the demand for more of these special events which are provided free of charge to the schools and their students. Finally these junior and senior high school students are invited to come to our evening concerts for a token price of $2. We feel that that teaches them that a live concert is worth paying for, without the cost being prohibitive in any way.

For adults, we have pre-concert lectures before most of our concerts and informal talk-backs after our Wednesday concerts where there is an open mike. We encourage all questions, comments and suggestions from our audience at that time. Our house programmes are informative, entertaining and educational. Even our most novice listeners feel included and involved. Perhaps it is partly due to the demographics of the baby-boomers, but we find more and more adults flocking to our concerts hungry to learn about what makes us and our music different.

For the training of young professionals, we are discussing the possible creation of a baroque institute with the Royal Conservatory of Music where I have taught for many years. This would be a training ground for orchestras such as ours. The fact is that there are more and more of these orchestras performing on original instruments, whereas there are fewer and fewer modern symphonic orchestra jobs to be had.

My job as Music Director of Tafelmusik is very different from a traditional conductor's job. First of all, I play my violin as I lead. That makes me "prima inter pares," "first among equals." I always say that it keeps me honest since I am doing the same work as the other players and another job as well. Rehearsals are a delicate balance of efficient work and open dialogue. Musicians are encouraged to contribute to the many decisions which make the music come off the page. Should we make a crescendo here or an accent there? Our listeners tell us that our performances are exciting because the musicians seem so involved, sitting on the edge of their seats and putting out a lot of energy and enthusiasm. As music director and regular guest director of other Canadian orchestras, I can attest to the importance and uniqueness of this healthy working environment on the part of our musicians.

In closing I would like to invite you all to experience a Tafelmusik concert at Trinity St. Paul's United Church on Bloor St. at Spadina. And I would welcome you to come up and see the CDs which we have brought along today. I hope to see you some time soon at a Tafelmusik concert.

Introduction by Robert J. Dechert

Lynn Haight is a graduate of Oxford University and the London Business School.

She is a chartered accountant and a certified management accountant.

Ms. Haight has worked in financial services executive management, controllership and consulting both in Canada and internationally. She has also served as chair of the Canadian Association of Management Accountants.

She is currently Senior Vice-President of Risk Management with the International Order of Forresters.

Lynn Haight has graciously agreed to address us today in the role of her "night job" as President of the Tafelmusik Baroque Orchestra.

Ladies and gentlemen, please welcome Ms. Lynn Haight to the podium of The Empire Club of Canada.

Lynn Haight

Thank you Bob.

Well you've heard from a musician about seventeenth-century performance practices. Now you're going to hear from a simple insurance executive, or bean counter as we heard before, about the sort of management challenges which confront this orchestra, an enterprise operating in very modern times today.

There are several things I feel are issues that you as men and women in the business world today will be able to empathise with.

Something that keeps us on our toes all the time is the need to keep up with our revenue mix. Our revenue mix changes over a period of time. We find that corporations and foundations are turning away from the arts, and governments have been retrenching on cultural awards. Private donations have increased 9 per cent across Canada and across different types of cultural entertainment. What impact does that have on us? It means we change. Our fundraising committee changes. Brochures change. Our documentation changes. Our ads change. And of course over a period of time in an imperceptible way our programming changes slightly to respond to this. We root about like a pig looking for truffles so that we can spot trends over the next few years in order to reward and encourage donors. Foundations have helped us enormously with our education programme. Donations from individuals have more or less tripled over the last five years.

The second issue which I'd like to bring up is our capacity. Our ticket sales are 89 per cent of the total tickets available. We rescale the house periodically in order to provide a wider range of ticket prices. And of course we've increased the number of concerts. We have been able to maintain that comparatively high ticket sale which has been a bedrock of the Toronto season and of course our balance sheet and financial statement.

What do we know about our customers? We know where they live, we know that they're the highest educated within the Toronto Metropolitan Area. However they are not the affluent members of society. We can do some psychographics with them. We want to learn more about the audience and be able to reflect this in our programming for the future. We must also look at the next generation. We are acutely conscious of new trends in electronic media and commerce. We are extremely anxious that Tafelmusik utilise this technology but not in a manner which would offend our very loyal current audience.

We try to mitigate financial risk just like you do. This ranges from daily expense control to a predilection for predictability of income and expenses. The subscription renewal rate is 82 per cent. For similar organisations it's 72 per cent. Recurring engagements are always welcome. We are ratifying a three-year contract with our orchestra members and that will give them more security. And it gives us assurances about budgeting over the next three years.

For the last three years we've had an operating surplus—not a huge surplus but a surplus. Our accumulated deficit is reducing accordingly over the years.

Tafelmusik is run now with revenues of just under $3 million—a small business. Twenty years ago it was run by two entrepreneurial individuals. We have changed and ensure all stakeholders—the Board, management and the musicians—get involved in the decision-making processes and planning for the future.

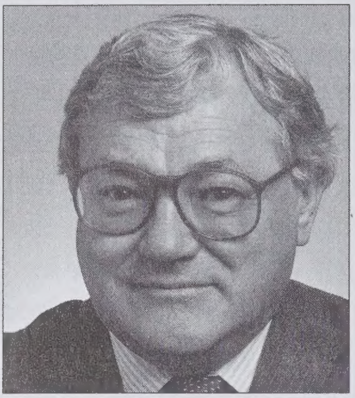
We are drawn by foreign markets although there are snags. We had the bright idea some years ago of going to Asia in October of 1998. There were other forces at play in Asia in October, of 1998 and we lost an enormous sponsorship. The company cancelled the launch of a product which we were going to promote through Indonesia, Singapore, Hong Kong, Japan, China, Korea and Macau. We were stuck with about four weeks to go. We changed the programme. We changed the number of musicians. We didn't sign contracts which were outstanding but not yet signed. We decided we would go to Japan because we'd promised the Japanese three years before and we would never be allowed in the country again unless we went. We went to Hong Kong because all the tickets were all pre-sold. And we went to China because of a grant from the government to assist in Canadian Sino-Canadian relationships. We nipped and tucked all the way through. I think it's fair to say that the executive of the Board and the management felt that they could get group rates at a psychiatric home by the time the trip got back but we made it through.

Consulting firms say their assets go up and down. Well so do ours. With a pick-up orchestra the members arrive on the bus overnight, they play, they put on their raincoats and they shuffle off. With Tafelmusik we have to worry about members' musical development and their ability to flourish in their artistic environment by being adequately supported and challenged by having a role put in front of them for progression up the orchestra. We have to make sure those 18 people can play as a team and not as a group of individuals who have just come together for a night. It creates a very different kind of sound and it creates a very different empathy within the orchestra as you can imagine.

When you come to Tafelmusik to listen to us you can look at the orchestra on the stage and say it is facing exactly the same kinds of typical management problems that I face in my business every day. And I hope that you will come and that you will enjoy it. Thank you very much.

The appreciation of the meeting was expressed by Montague Larkin, C.A., Past President, Canadian Opera Company, Director, Toronto Arts Council and Honorary Director, The Empire Club of Canada.

Tamar Oppenheimer, OC, Retired Assistant to the Secretary General, United Nations, Robert J. Dechert, President, The Empire Club of Canada and Partner, Gowling Strathy & Henderson and Lynn Haight, Senior Vice-President, Risk Management, The International Order of Forresters and President, Tafelmusik Baroche Orchestra.



November 25, 1999

Allan Fotheringham

Author and Columnist

MALICE IN BLUNDERLAND

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

Anne Libby, Private Art Dealer and Director, The Empire Club of Canada; Reverend Dr. Robert Pierson, St. Philips Anglican Church; Anne Sage, OAC Student, Northern Secondary School; Jack Rabinovitch, Businessman and Founder, The Gillar Prize; Larry Stevenson, CEO, Chapters Inc. and CEO, Chapters Online; David L. Lindsay, President and CEO, Ontario Jobs and Investment Board and a Director, The Empire Club of Canada; Anna Porter, Publisher, Key Porter Books; Mordecai Richler, Celebrated Author and Journalist; and Robert Lewis, Editor-in-Chief, Maclean's Magazine.

Introduction by Robert J. Dechert

Millions of Canadians quote Allan Fotheringham (or "Dr. Foth" as he is affectionately known) every day. He is to Canadian political culture what Yogi Berra is to baseball.

I am a case in point. When Allan Fotheringham last addressed the Empire Club 13 years ago I was living in Ottawa. I was a Toronto ex-pat and I remember frequently telling my Ottawa-bound friends that Allan Fotheringham referred to the nation's capital as "the-city-that-fun-forgot" and "boredom-on-the-Rideau."

His wit has not spared our city. He has called Toronto: "Not a New York—but a failed Boston."

Of our nation, he has said: "Canada is 10 independent personalities, united only by a common suspicion of Ottawa."

He was, and is, biting, sarcastic and very insightful.

Dr. Foth's views on the monarchy, the Commonwealth and all things British are well known and always relevant to us here at the "Empire Club."

Allan Fotheringham began life in Hearne, Saskatchewan, where the citizens are known, he says, as "hearnias.'

At the age of nine, he moved to Sardis, British Columbia and later to Vancouver where he earned an undergraduate degree at the University of British Columbia.

He had begun his journalism career as a reporter for both his high-school paper and for the town newspaper—The Chilliwack Progress. In university he became the editor of the student newspaper, the "Ubyssey" which lead to the recognition of his sardonic wit by the publisher of the Vancouver Sun—a man he had described as "crummy." That was in 1954.

Allan Fotheringham is now completing his 45th year in journalism. He has written a column for 31 of those 45 years with The Vancouver Sun, Southam News, The Financial Post and Sun Media. He has travelled in some 65 countries and has examined all aspects of Canada from near and far.

He has also apparently consumed significant quantities of sherry.

He has been a correspondent in London, Washington and Hong Kong and has written one of the most influential columns in Canada on the last page of Macleans magazine for the last 25 years.

He has won numerous awards including the National Magazine Award for Humour, the National Newspaper Award for Column-Writing and the Southam Fellowship in Journalism. Earlier this year he was inducted into the Canadian News Hall of Fame. He has published five best-selling books including his latest entitled "Last Page First."

Recently, Allan Fotheringham has shown great courage and public service in raising awareness among Canadians of the dangers of prostate cancer.

And in April of 1998, he achieved a very prestigious award indeed, when he married our very own Empire Club Director, Anne Libby.

Ladies and gentleman, please welcome Mr. Allan Fotheringham to the podium of The Empire Club of Canada.

Allan Fotheringham

I must confess to you at the outset that I'm here somewhat under false pretenses because I am not a speaker. I'm a writer as you know. In circumstances like this I feel somewhat like Zsa Zsa Gabor's eighth husband. I know what to do but I'm not sure I can make it interesting.

I am from British California, also known as Bennett Columbia, and the home of the Socreds. British Columbia is unique in politics in Canada and almost anywhere because it had a premier, Whacky Bennett, who ran the province for 20 years, and then after a short interim under the Socialists, his son Mini Whack became Premier. I used to know Bill Bennett very well. I used to play tennis with him. I used to drink with him and people would ask me whether Bill Bennett was simply a chip off the old block. I would tell them it wasn't so. Bill Bennett was very much his own man. I would tell them that whenever he went to the Legislature in Victoria, he took the ferry. His father used to walk. He was then succeeded by another typical B.C. loon—Bill Vander Zam. Do you know why Bill Vander Zam wears wooden shoes? It's to keep the woodpeckers away from his head. Actually I shouldn't make fun of him anymore after all his bad luck. There was a big fire at his house and it burnt down his entire library—destroyed both books and one he hadn't finished colouring yet. I'm actually kidding because I understand Vander Zam is quite an intelligent guy and he reads in bed every night 'til his lips get tired.

A hundred and thirty-two years ago when this country was born, foreign observers looked at us and said: "Now here's the perfect chance for a new young country. It's being built on the stability of the British parliamentary system with the advantage of French culture and with an injection of American efficiency." Every single one of you in this room today know where we are in 1999. We have a country that's built on the stability of the French political system, with American culture and British efficiency.

I'm from western Canada and as my friend said I was born in Saskatchewan but raised in BC. I've never understood Alberta because of its massive majorities. Albertans go for Aberhart and the elder Manning and for decades they gave massive majorities to Loughheed and the Conservatives. This has resulted in the only jurisdiction in history that's gone from poverty to decadence without passing through civilisation. I was born in this little town called Hearne. The town was so small we couldn't afford a village idiot; everyone had to take turns. Manitoba is the dullest province of all. It just got rid of the dullest premier of all—Gary Filmon. Gary Filmon's idea of fun was to go down to Eaton's on Saturday night and try on gloves.

This brings us to Ottawa, the former home of "The Jaw That Walked Like A Man"—Myren Baloney. He was a legend in his own mind as you know; the only man I ever met that struts sitting down. His aides used to tell me his alarm clock didn't ring; it applauded. But Brian had a tremendous career and it's said that his only remaining ambition is to be a contortionist so he can die in his own arms. I was drinking one night with one of his cabinet ministers just before his career ended and I said: "Come on, 'fess up. If a bus ran over Brian tomorrow, who would you guys elect as leader?" He said: "Well that's easy… the bus driver!"

We now come to the incumbent—the only man in Canada who can't speak either of the two official languages. Or as Dalton says: "He always looks like the driver of the getaway car. The thing about politics is that hard work is very good and brains help a lot. But the greatest thing in politics is luck. And Chretien is the luckiest politician in the history of Canadian politics. Across the floor he has this "Pizza Parliament" chopped up with no real opposition. Parson Manning always gives me the impression that his underwear is on too tight. Reform can't get past the Manitoba border, the Bloqheads can't get out of Quebec, the NDP is in the dumpster with Alexa and the Tories actually think they are going to come back with Jurassic Clark! It's a sad scene when Chretien is going to 'slam-dunk' for a third term and it's not helpful for the country or for democracy when you don't have a chance for a real opposition party coming to power. It will take two elections for voters to figure out that both Parson and Jurassic have to be succeeded by someone and one party to unite the right.

As for the Quebec situation, people are puzzled why for 30 out of the last 31 years the Prime Minister has come from Quebec. The retiring Chief Justice of the Supreme Court was from Quebec. Three of the nine Chief Justices of the Supreme Court are from Quebec and the Quebec population is now down to 24 per cent of the Canadian population. The Chief of the Armed Forces is from Quebec. The Canadian Ambassador to Washington is from Quebec; he is Chretien's nephew as you know. The Deputy Secretary General of the U.N. is from Quebec. The retired Governor General was from Quebec. The Head of the Privy Counsel is from Quebec. The Finance Minister is from Quebec. So why is it that Quebec so dominates the Ottawa scene?

The reason is that Quebec voters are very shrewd and they vote in a tribal sense. They vote for the party that is run by someone from Quebec. And there is no other block in the Canadian voting system where three to four million people vote in a tribal sense.

It all goes back to 1759 on the Plains of Abraham. In major battles in history, the Battle of Trafalgar, the Battle of Waterloo and the American Civil War, there is always a clear winner and a clear loser. On that famous morning on the Plains of Abraham in 1759 when Wolfe beat Montcalm, the French thought it was a tie. Henry Steele Commager, a distinguished American historian has written that never in the history of colonial wars has the victor treated the vanquished so generously. The English left the French with protection for their language, for their religion and for the civil code in law.

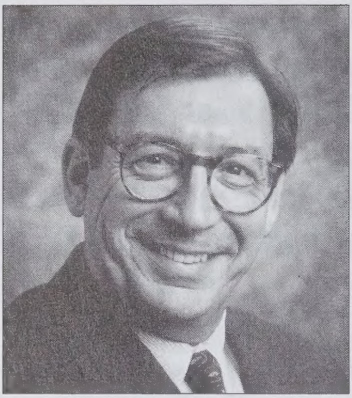
We're now in a situation (and Mordecai tells me this) where the current joke going around Montreal is that a guy walks into a drug store and he says: "I'd like some condoms." The pharmacist says: "Certainly. They come in sixes, nineses and twelveses." The guy says: "What do you mean?" The pharmacist says: "Well, the sixes are for my newspaper columnist customers... you know, Monday, Tuesday, Wednesday, Thursday, Friday, Saturday. "And the guy says: "Well, what are the nineses for?" The pharmacist says: "Well, they are for my Francophone customers... you know, Monday, Tuesday, Wednesday Thursday, Friday, Friday, Saturday, Saturday, Sunday." The guy says: "Well, what are the twelveses for?" The pharmacist says: "Well, they're for my Anglophone customers... you know, January, February, March."

Lucien Bouchard has confessed in his biography that he belonged as an adult to four different political parties; he has the attention span of a hummingbird. He is a man so isolated that he could not speak English until he was 46. He was plucked out of a small law firm in an isolated Saguenay section of Quebec by Mulroney and sent off as our Ambassador to Paris, where his only real duty was having a rendezvous with his chauffeur for lunch. He came back a Minister of the Environment in the Mulroney cabinet, and then of course changed to his own party. He's never really had any position of responsibility. Every time you make a choice in politics you make an enemy and you make a friend. He has now decided to face off against the nurses in Quebec against the unions deciding which hospitals to close and for the first time in his life he's had to make choices. The PQ is not going anywhere. You've seen in the recent polls that 75 per cent of Quebec voters don't want a referendum during his term. The hardcore separatists are desperate because they know they're a shrinking core. Quebec now has the second-lowest birthrate in the world next to Spain. They know that the immigrants who are coming in of course are the ones with the big families, the ones who want to learn English, the federalists, so the core of separatism is shrinking. Bouchard, who is about to become 61, has a beautiful young American wife who is thirty-nine who wants her children to grow up in California. She keeps dual citizenship and there's heavy pressure on him there. There will never again be a Quebec Referendum because the winning conditions will not present themselves. I would suggest that Bouchard will resign as of next June, which is the end of the school year when his children get out of school, and they will move to California.

And the only other thing that I'm here to flog is my book, as Anna Porter says. This is a collector's item because in it is the worst typographical error in the history of Canadian publishing and it involves our present prime minister. Years ago, when he was a junior cabinet minister, he ran into me in an Ottawa hotel on a lonely Sunday. He very kindly invited me home to dinner. I hardly knew him then. I think he was Indian Affairs Minister or something. It was a typical nice Sunday evening Canadian dinner—roast beef, mashed potatoes, wine, lies and gossip and all that stuff. I then went back to my typewriter/computer, and I wrote about him for the next few years, as I do about all the cabinet ministers. One night he came into the Parliamentary Press Gallery banquet in Ottawa and I was seated in the front row. And he looked down, and he said to me: "Oh, here's Mister Fuckingham." As I wrote in the book, I didn't think that was a very bright thing for him to say to a national columnist when he was trying to become Prime Minister. He was Opposition Leader at the time.

I picked up the book and turned to page 130, as Anna knows, and it says: "Oh here's Mister Fotheringham" which doesn't make sense because that's my name. Some dim-bulb in the computer industry punching the thing through the computer pushed spell check and couldn't find fuckingham so she changed it to Fotheringham. So I have to go all across Canada, from Halifax to Victoria, and change the wrong name to the right name on the top of page 130. Thank you.

The appreciation of the meeting was expressed by David L. Lindsay, President and CEO, Ontario Jobs and Investment Board and a Director, The Empire Club of Canada.



December 2, 1999

George Anderson

President and CEO, Insurance Council of Canada

A STRATEGY FOR COPING WITH NATURAL DISASTERS

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

Catherine Steele, Vice-President (Toronto) and Partner, Gervais Gagnon Covington & Associates and Third Vice-President, The Empire Club of Canada; Chris Papaiconomou, Student, Harbord Collegiate Institute; Reverend Dr. George Sumner, Principal, Wycliffe College, University of Toronto; Alan G. Davenport, Ph.D., Research Director, Institute for Catastrophic Loss Reduction, University of Western Ontario; Dina Palozzi, Superintendent and CEO, Financial Services Commission of Ontario; George L. Cooke, President and CEO, The Dominion of Canada General Insurance Company and Immediate Past President, The Empire Club of Canada; Raymond Protti, President, Canadian Bankers Association; Henry Hengeveld, Science Advisor on Climate Change, Science Assessment and Policy Integration Division, Atmospheric Environment Service; and Terry Squire, President and CEO, The Co-operators General Insurance Company and Chairman, Institute for Catastrophic Loss Reduction.

George Anderson

I am sure you are all familiar with the fable of Chicken Little and the moral of the story.

The sky isn't falling, of course, but what is falling from the sky is ominous. Hurricanes, hailstorms, ice storms, tornadoes and floods are causing great loss of life and property, and they are on the increase around the world. It's a trend that can be summed up in one simple statement: the number of natural disasters worldwide has tripled in the past 10 years. And the cost—both in lives and economic terms—keeps rising.

In fact, the cost of weather-related disasters in 1998 alone exceeded the cost of all such disasters in the whole of the 1980s.

Just a few weeks ago, Britain's Meteorological Office predicted that the number of devastating floods around the world will increase ninefold in the coming decades.

And remember it is water, not wind, that is so hard on human lives. For the most part, Canada has been a lucky country, so far. Most of the great natural disasters in this century have occurred in faraway lands. But our luck is changing. Violent weather is hitting us harder and more often.

Consider the fact that the three most expensive disasters in our history all occurred since 1996. The Saguenay Flood in '96, the Manitoba Flood in '97 and the 1998 Ice Storm in Ontario and Quebec affected four million Canadians. The Ice Storm alone had a public and private cost of over $2.5 billion.

Those three events are part of a trend that has caused the annual cost of natural disasters to taxpayers and insurers to double every five to 10 years.

Why is this happening to us now?

First, the world's climate is changing and so, of course, is Canada's. The reasons why this is happening are still open to debate and much controversy. The greenhouse effect caused by man-made emissions is a possible culprit, or it could be the result of a natural recurring cycle. Whatever the cause, this much is certain: extreme weather events are putting more Canadians at risk.

Another reason the effects of catastrophe are more serious is we have become an urban nation. Over 16 million of us now live in towns and cities. We live clustered together and this increases the impact of a single event. In some municipalities, the infrastructure is aging or operating beyond the capacity it was designed for. For example, the storm sewer systems in some cities can't even handle an ordinary rain storm, let alone a deluge.

Of course we're getting much better at predicting the weather, which is helpful in avoiding its disastrous effects. But sometimes, warnings aren't enough. Perhaps the most famous example of that occurred right here in Canada, just after Confederation.

In 1869 Lieutenant S.M. Saxby of the Royal Navy made a startling predication. No, he didn't have a crystal ball; instead he looked at the moon. Lieutenant Saxby knew that on October 5, 1869 the moon would make its monthly passage closest to the earth in combination with the new moon phase on that same day. He warned that on that day, there would be a severe storm accompanied by a high tide.

Now, most schoolchildren can tell you that the highest tides in the world are found in the Bay of Fundy. And that's where a hurricane rolled in on the evening of October 4, 1869. Saxby was only four hours off. The enormous storm surge lifted the tide in Moncton nearly two metres above previous records. The flooding killed numerous people, wiped out homes and sank scores of boats. It went down in history as the great Saxby Gale.

Today we have the Canadian Hurricane Centre in Halifax doing the work of Lieutenant Saxby. But the confluence of events he identified remains a threat especially since many communities in the Bay of Fundy area are protected only by the earth dykes constructed by the original Acadian settlers.

Violent weather isn't the only natural hazard that threatens Canada. It may surprise you to know that Canada has experienced five major earthquakes in the past 20 years. All of them measured at least 6.0 on the Richter scale. Now, the reason you may not have heard about them is that, fortunately, all those quakes hit remote areas. But imagine if a quake that size hit Vancouver. The economic impact would be about $30 billion and the cost in human lives would be unthinkable. And seismologists say that "the big one" will hit Vancouver one day. It's simply a matter of when, not if.

Earthquakes also spawn tsunamis or tidal waves. Not many Canadians had given them much thought until the great earthquake hit Alaska back in 1964. It generated a series of giant waves that radiated out from the epicentre and roared across the Pacific at an incredible speed. It took only a few hours before they started slamming into the coast of Vancouver Island. It was sheer luck that nobody there was killed, but damage ran into the millions. In Port Alberni alone, 260 homes were destroyed. Hawaii wasn't so lucky; 159 people were killed.

At the time, most scientists concluded that it was unlikely to happen again. Now we know better. Geophysicists now say those killer waves could be born much closer to home in the seabed just off our West Coast. In fact, they have concluded that it has already happened at least one other time.

The first clue can be found in the oral histories passed down through generations of native peoples on Vancouver Island. They tell of a great shaking and of a giant wave that destroyed a village at Pachena Bay a few hundred years ago. The second clue is found in historical records on the other side of the Pacific. Officials of the Japanese government reported that on January 26 in the year 1700 a large tsunami battered their coast. From that evidence and the geological record, scientists have concluded that this was one of the world's biggest quakes. It must have measured at least 9.0 on the Richter scale. It occurred off our West Coast. Imagine what that would do to the City of Victoria or Vancouver today.

Earthquakes and tsunamis also threaten our East Coast. And the evidence is quite recent. In 1929, an earthquake measuring 7.2 on the Richter scale rumbled beneath the Grand Banks and produced a tsunami that completely destroyed the town of Port-au-Bras on the Burin Peninsula.

But all is not doom and gloom. I do have some good news to report. First, Canadians should be very proud of the way we respond to natural disasters. The federal and provincial governments, the insurance community, our emergency services, the Red Cross and, when needed, the military are on the scene of a major catastrophe almost immediately. Insurance coverage, government assistance, and just plain old community spirit promptly helps people rebuild their homes and their lives. We can all take comfort in the fact that our response and recovery programmes are among the best in the world. And so are the professionals and volunteers who answer the call.

But, while Canada does a great job responding to natural disasters and rebuilding afterward, we have a lot of work to do when it comes to preventing disaster. Of course we can't tame nature, but with foresight, planning and timely investment we can save more lives and property.

That brings me to the concept of disaster mitigation. Canada has some great examples that show how the concept of mitigation can work.

Back in 1954, Hurricane Hazel roared up the American East Coast and dumped a huge amount of rain on the Toronto area in less than 24 hours. That unleashed torrential floods that tore down the Don, the Humber and the Credit River valleys. Entire neighbourhoods were obliterated. Eighty-one people were killed and 4,000 families were forced from their homes. It was a terrible catastrophe.

A farsighted Ontario government learned some important lessons and vowed never to let it happen again. A series of flood control dams and channels were built. Houses were moved off the floodplains and rebuilding was restricted to areas out of harm's way.

Or consider the lessons to be drawn from the Winnipeg Floodway. In the 1960s, the people of Manitoba knew from bitter experience that the Red River would burst its banks periodically and overwhelm the City of Winnipeg. So the provincial and federal governments got together and built the floodway, which is basically a giant ditch around the city. It cost $63 million, a staggering amount at the time. But it proved to be a bargain.

Since it was built, the floodway has been used to reduce flood loss on 17 different occasions. When the great Manitoba Flood of 1997 hit, the floodway diverted almost 60,000 cubic feet of water every second, passing it safely around the city. As a result, whole neighbourhoods were spared. And hundreds of millions of dollars were saved.

That $63 million turned out to be a very good investment. Mark Twain once said: "Everyone talks about the weather but nobody does anything about it." Well, here's an example of mitigation that proves him wrong.

On September 7, 1991, Calgary was pounded by a severe hailstorm. Hailstones the size of golf balls blasted homes, businesses and cars, destroyed crops and injured livestock. At the time it was the costliest natural disaster in Canadian history. The final bill to insurers was $350 million. And it wasn't just a one-time event. Every summer over 40 major hailstorms rumble through the skies over Alberta and Saskatchewan. During the 1980s they caused about a billion dollars in damage.

The property and casualty insurance industry stepped forward in 1996 and provided funding for an annual hail suppression programme in Central Alberta. Now, when a major storm is approaching that appears to contain all of the necessary atmospheric conditions for damaging hail, aircraft are dispatched to seed the storm with particles of silver iodide. These particles create small, harmless hailstones in place of the large stones that would otherwise have developed. In 1999, our aircraft flew more missions than ever before and as a result, according to our records, there were no hailstorms that cost the insurance industry more than $200,000 and there was, in general, greatly reduced damage to the City of Calgary.

We can also soften the blow from earthquakes. A few years before the hotel we're in today was opened, another was built in Tokyo. The architect was the great Frank Lloyd Wright, who designed the foundation specifically to absorb earthquake shock.

The Imperial opened in 1922. The very next year, Japan was hit by the most devastating earthquake in its history. One hundred and forty thousand people died. Hundreds of thousands of homes collapsed or were burned to the ground by the fires that followed. Over half of Tokyo's brick buildings and about 10 per cent of its reinforced concrete structures were reduced to rubble. The Imperial Hotel emerged undamaged. That story helps inspire efforts to strengthen and enforce our building codes. And, I'm pleased to report, it's an effort that's now resulting in stronger and more resilient buildings.

I've outlined a few examples of how we can protect ourselves from violent weather and earthquakes. But there is so much more we can do together as a country. It's time Canada had a national strategy involving all three levels of government to protect our communities from the threats we know are all too real.

That is why the Insurance Bureau of Canada, on behalf of the property and casualty insurance industry, is championing the establishment of a Natural Disaster Reduction Plan—a national programme to save lives, property and money.

Let me briefly review what we are proposing:

The Insurance Bureau of Canada is asking all three levels of government to contribute a total of up to $750 million over five years to create a Natural Disaster Protection Fund. This Fund could exist on its own, or more likely as a component of a renewed national infrastructure programme. These resources would support projects identified by local communities to upgrade infrastructure, and would make neighbourhoods more resilient to damage caused by severe weather and earthquakes.

This programme should be considered an investment—a very good investment. Right now, the Government of Canada is spending about $500 million a year to respond to and rebuild after disasters. It simply makes economic sense to cut that annual bill. As the old saying goes: "An ounce of prevention is worth a pound of cure."

A suggested model for the Natural Disaster Protection Fund is the federal/provincial/municipal "Canada Works" infrastructure programme, which was introduced by the current federal government and ran from 1993 to 1997. All three levels of government shared the costs, but the specific initiatives came from the local level.

We embrace that model because local communities know the strengths and weaknesses of their infrastructure and are in the best position to identify the most effective projects.

Right now there is no such money available. And, just as worrisome, there is no national governmental body where good ideas can be exchanged. This is another flaw in our disaster management systems that must be corrected.

The second part of our plan would augment the existing Disaster Recovery Financial Assistance Arrangements with the provinces by 15 per cent. This would mean that when we respond to a flood, for example, we could spend that extra 15 cents on the dollar to study how to prevent that flood from happening again or mitigating the effects if it does. The United States has had such a programme in place for many years.

The final element of the plan is to create a culture of preparedness. A "culture of preparedness" is a fancy way of saying that we need to start thinking about the dangers we face and how to mitigate or lessen their impact. All levels of government should make disaster preparedness a cornerstone of government policy by requiring that future public works include an analysis on how the projects will make Canada's communities more resilient to future natural disasters.

We know that what we are proposing requires a major public commitment. And we are also quite aware that in the run-up to the federal budget each year, there will be many governments, groups and individuals tugging at Paul Martin's sleeve asking for money. So it's worth emphasising that the Natural Disaster Reduction Plan is an investment that will have real and measurable returns.

Of course we're not just talking dollars and cents here. At its heart, this issue is about saving lives. It's protecting people's property, their personal treasures and their neighbourhoods.

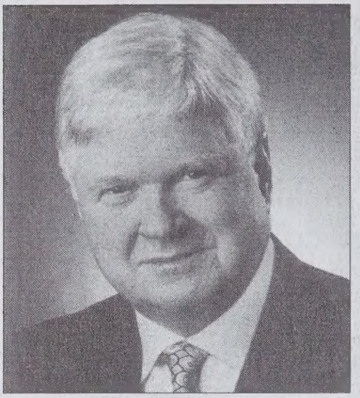
Above all, it requires a national consensus and a national effort. We have mustered the political will before. During the '50s and '60s we came together as a country to build a social safety net that protects our most vulnerable citizens. It's a national achievement we can all take pride in. It made us a stronger, more united country.

It's now time once again to rally that spirit and put in place a national protection scheme that will stretch from coast to coast defending lives, protecting communities and helping build a stronger Canada.

Noah didn't wait for the flood to build the ark. Let's not wait for more disasters before we are compelled to act.

Thank you very much.

The appreciation of the meeting was expressed by George L. Cooke, President and CEO, The Dominion of Canada General Insurance Company and Immediate Past President, The Empire Club of Canada.



December 9, 1999

Dr. Hugh Scully

President, Canadian Medical Association

SHAPING HEALTH CARE FOR THE MILLENNIUM

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

William D. Laidlaw, First Vice-President and President-Elect, The Empire Club of Canada; Piragash Velummylum, Senior Student, Leaside High School; Reverend Dr. Robert Pierson, Rector, St. Philip's Anglican Church; Professor Carolyn Tuohy, Deputy Provost and Professor, Political Science Department, University of Toronto; Fredrick S. Eaton, Chairman, White Raven Capital Corporation and Chairman of the Board, University Health Network; The Hon. Murray Elston, President, Research and Development, Canada's Research-Based Pharmaceutical Companies and Former Ontario Minister of Health; Catherine Steele, Vice-President and Partner, GGA Communications and Third Vice-President, The Empire Club of Canada; Dr. Alan Hudson, President and CEO, University Health Network; Lynda Kushnir Pekrul, President, Canadian Nurses Association; Dr. David Naylor, Dean, Faculty of Medicine, University of Toronto; and Gregg Szabo, Director, Health Policy, Merck Frosst Canada Inc.

Introduction by Robert J. Dechert

On the cusp of the new millennium, the Empire Club has, over the last several weeks, been examining the state of Canada's health-care system. Our health-care series this fall has included significant addresses by:

- Murray MacKenzie, the Chair of the Ontario Hospital Association on the challenges facing hospitals;
- Linda Cranston, the Chief Executive Officer of Canadian Blood Services, on the restructuring of the Canadian blood supply system; and
- The Honourable Allan Rock, the Canadian Minister of Health, on federal government funding of our health-care system.

Today, in our fourth address in the series, we will hear from the front line troops—the medical profession—on their diagnosis of the ills of our health-care system and their recommended treatment to restore our system to good health.

Will we have sufficient doctors in the next century to meet the health-care service demands of an aging population with high expectations? Will governments provide adequate and stable funding over the long term to ensure the sustainability of a quality health-care system? Will Canadians have access to the latest advances in medical technology and treatment? These are some of the questions that Dr. Scully and the Canadian Medical Association are grappling with.

Dr. Scully earned his medical degree at Queen's University. His training in cardiac surgery took him to hospitals affiliated with the University of Toronto and Harvard University. He is currently a University of Toronto Professor in Surgery. He is also Senior Staff Surgeon in Cardiac Surgery at the Toronto General Hospital where he was formerly Chief of Staff and Deputy Surgeon-in-Chief. Dr. Scully has served as President and Chief Negotiator for the Ontario Medical Association.

At the national level, Dr. Scully was President of the Canadian Cardiovascular Society. Recently, he was appointed as a member of the Vascular Committee on Cardiovascular Surgery of the American College of Cardiology.

And in his spare time, Dr. Scully is the first Canadian Chairman of the International Council of Motor Sport Science and an international Medical Director in Autosport.

Ladies and gentlemen, please welcome Dr. Hugh Scully to the podium of The Empire Club of Canada.

Hugh Scully

Good afternoon. It is a great pleasure for me to be here today and I thank you for the warm welcome. And I would like to thank the Empire Club for giving me this opportunity to speak to you.

But first let me give you some background on the Canadian Medical Association. There is today a virtual alphabet soup of medical societies and associations.

With a membership of 47,000 physicians across the country, the Canadian Medical Association is the national voice of Canadian physicians. It is a voluntary, professional organisation representing the majority (60 per cent) of Canada's physicians and medical students, with close ties to its 12 provincial and territorial divisions and 43 affiliated medical societies. Founded in 1867, the CMA's mission is to advocate for the highest standards of health and health care for Canadians, and to provide leadership on behalf of physicians.

It will come as no surprise that I want to talk to you about health care today and what the CMA believes is essential to maintain and strengthen our health-care system as we move into the 21st century. And what you can do—as business and community leaders—to help.

Environmental Scan

Our health-care system has been an important and defining feature of what it is to be Canadian. It reflects a vision of health for Canada and Canadians that was articulated over 30 years ago with the creation of Medicare, and was reaffirmed in the eighties when Parliament passed the Canada Health Act.

Rex Murphy of CBC fame describes Medicare and the principles it espouses—public funding and universal access—as this country's Magna Carta and Declaration of Independence combined.

On the cusp of the new millennium, it is appropriate to reflect with pride on our nation's past but it is also a time to reflect on and reaffirm our vision of health care for the future.

The new century will present us with many new health challenges to meet:

- A growing and aging population;
- Increased knowledge with corresponding advances in technology and research;
- Empowered health-care consumers; and
- A broadening of emphasis from cure to include prevention and rehabilitation.

Public debate and input is essential to determine the direction of our health system. There must be a collective societal vision of health care—whether it is a reaffirmation of the principles of our current system or a new vision altogether—to drive the renewal of the system.

The art of balancing the needs of patients with the cost of care has proven to be very difficult. The combination of medical excellence and medical expense left us facing a dilemma entering the 1990s. While medicine's possibilities seemed limitless our purse strings were not.

It is this dilemma and its impact that has fuelled the health-care debate across Canada, and it is this dilemma that demands that we articulate our vision of health care for the new century.

The Canadian Medical Association strongly supports public sector funding for necessary medical services. And we can speak very forcefully to what we believe must be the cornerstones of a health-care system:

- Patient focus;
- Quality;
- Accessibility;
- Research.

Patient Focus

The health-care system is not about hospitals or economics or doctors or nurses. It is there for one reason only. To be accessible in a timely fashion and without barriers to provide good quality care for Canadians—for patients—when and where needed. Our health-care system must be focused on patient care.

The rights of privacy and consent are essential to the trust and integrity of the patient-physician relationship. That is why the CMA developed its Health Information Privacy Code. The CMA has taken this message to the federal government to ensure that in an age characterised by the growth of electronic information, its legislation on electronic documents must recognise that health information requires stronger privacy protection than other types of information. Putting privacy first comes down to putting people first.

Quality

Experts have struggled for decades to formulate a concise, meaningful and generally applicable definition of quality health care. As quoted in recent articles in the New England Journal of Medicine the quality of health systems must be judged by their capacity to promote health, reduce disability and enhance quality of life, and not solely on their capacity to provide life-extending treatments.

Quality means meeting specific requirements:

- Safety for the patient;
- Competence and availability of the service provider;
- Acceptability of the treatment;
- Accessibility to/for the patient;
- Efficiency of service delivery; and
- Appropriateness and efficiency of the treatment;

All within the current state of knowledge and resources.

Access

The CMA believes that access to quality health care should be based on needs and reasonable expectations of patients and quality of life considerations, and should encompass the full continuum and process of care.

Research

To quote the Toronto General Hospital: "Today's research is tomorrow's quality care."

The CMA is very supportive of the creative initiatives that are being undertaken to improve health research within the broad context of the Canadian Institutes of Health Research, and to improve health information through the expanded mandate of the Canadian Institute of Health Information.

In fact, just last week the CMA presented its views on the importance of health research to the House of Commons Standing Committee on Health.

Now it is important to say that I, and indeed the CMA, believe that Canada still provides better access to health care for more of its population, without barriers, than anywhere else in the world.

But to maintain and enhance access and quality, we must take action now. To quote Canada's Health Minister, The Honourable Allan Rock: "Canada's system of Medicare will not be able to provide Canadians with timely access to quality care in the years to come unless it is renewed substantially through innovation and collaboration. I believe that the status quo is not an answer." The CMA would agree with Minister Rock.

I would like to focus now on two of the many factors that can determine how we can renew our health-care system: funding and the health-care work force.

Funding

For Canada's health-care system to not only survive but thrive in the new millennium we must ensure that adequate, long-term funding is available to meet the health-care needs of all Canadians.

A well-educated, aging population with high expectations together with advancing knowledge and technology will put a level of demand on the health-care system that has not been seen before and will place additional pressure on health expenditures.

The CMA believes a well-funded, sustainable, quality health-care system must be at the forefront of the federal government's strategic priorities.

Just as strong economic fundamentals are generally viewed as an essential requirement for Canada's prosperous future, stable, adequate and, where required, increased resources for health and health-care funding should also be considered as an investment in the future well-being of Canadians, and by extension our economic ability to compete.

As our Prime Minister said in an address to Michigan State University in May of this year: "In Canada, we consider Medicare to be the best example of how good social policy can be good economic policy, too. While reflecting the desire of Canadians to show compassion for their fellow citizens, Medicare also serves as one of our key competitive advantages."

The federal government in its 1999 budget took an important first step. The re-investment of $11.5 billion into health care was recognition of the need to infuse funds into a failing system.

What immediate and successive steps will be taken by the government to place the funding of our health-care system on a longer-term and sustainable basis now become the critical issues.

Canadian physicians, nurses and others dedicated to health and health care are not alone in the view that there must be a full restoration of the funding. A Communiqué issued by the First Ministers following their 40th Annual Premiers Conference in Quebec City was clear in the interpretation of sustainability: "Funding is the key for health sustainability."

Last month the CMA and other members of HEAL, the Health Action Lobby, appeared before the House of

Commons Standing Committee on Finance as part of the pre-budget 2000 consultations.

Some key concerns raised in our brief were:

- The recommendation that the federal government move to re-invest an additional $1.5 billion for health care to facilitate continued system stabilisation as well as further development towards an expanded continuum of care.
- The need to index cash entitlements through an escalator in the Canadian Health and Social Transfer to ensure that the federal cash contribution will continue to grow to meet the future health needs of Canadians. The escalator formula recognises that health-care needs are not always synchronised with economic growth.
- The introduction of a health-specific portion of federal cash transferred under the CHST. Canadians want and deserve to know if their tax dollars are going to fund the programmes for which they were intended.

The Auditor General's report recently noted the lack of accountability in much of the federal government's health-care spending.

Good economic policy and good health policy are compatible and interdependent. They should not be in competition. While good health contributes to our individual quality of life, a healthy population is essential to Canada's ability to be industrially competitive.

Health-Care Human Resources

The viability of our health-care system is also dependent on the health-care work force. An adequate supply of qualified health-care professionals is essential. We do not have that today.

Every province and territory is currently facing a nursing shortage—quality full-time nursing positions are rare—and specialty health-care areas have decreased access because of a shortage of certified specialty nurses. The Canadian Nurses Association has projected that there will be a shortage of more than 50,000 registered nurses by 2010.

When it comes to physicians, it has long been recognised that there are supply and distribution problems in rural Canada. In Ontario, the Ministry of Health has designated more than 70 communities as not having sufficient doctors. The problem is no longer confined to rural and remote areas.

Many of the communities are urban centres such as Windsor and Kitchener-Waterloo. A similar picture exists in all provinces and territories.

A public opinion poll commissioned by the Canadian Medical Association in August 1999 revealed that 61 per cent of Canadians do not think that we have enough doctors practising today to meet our health-care needs.

Many factors influence physician resources:

- A 17-per-cent reduction in medical school entry class size since 1991.
- Patterns of practice are changing as young physicians and female physicians, who now make up 46 per cent of physicians under 35, want a better balance between their professional and personal lives.
- An aging physician population. Today 6,000 physicians are 65 years of age or over, including 2,000 that are over 70.

The situation today has set up an unfortunate cycle of decreasing resources, increasing workloads coupled with deteriorating working conditions that push physicians and nurses towards the generous employment offers from the U.S. and other countries—or away from health care altogether.

The brain drain has resulted in a net loss of approximately 400 physicians per year during the past decade.

That's 4,000 doctors. In 1996 the equivalent of 56 per cent of Canadian nursing graduates emigrated to the United States.

The departure of each one of these physicians and nurses represents the loss of a major public investment in highly educated, skilled and dedicated practitioners. Depending on the size of the community, the departure can have a devastating effect on the service provision in the area. The loss has a direct negative influence on the quality and continuity of care.

We are currently experiencing shortages in family practitioners, and in many of the specialties such as anaesthesia, obstetrics, paediatrics and psychiatry.

Medical training is a long process. It must be recognised that from the time of entry to medical school it takes on average six years to train a general practitioner, eight to nine years to train most specialists, and 11 years to train a cardiac surgeon.

All levels of governments, physicians, and other health professionals must work together in ongoing consultation to provide a balanced and integrated health-care work force. There should be a transparent process and an absence of coercion.

The Canadian Medical Forum representing all national medical organisations met with the federal, provincial and territorial Ministers of Health in November to present its findings and recommendations on the issue of physician shortages.

In order to meet the needs of a rising population Canada needs 540 to 600 additional doctors annually.

The Canadian Medical Forum recommended:

- An increase enrolment in undergraduate medical education to 2,000 by next September to meet future needs; and

- The expansion of postgraduate positions as part of short- and long-term strategies to increase physician supply.

Increasing post-graduate training positions would allow for greater flexibility in career choice, enhance opportunities for re-entry into specialty training and enhance opportunities for the appropriate assessment of qualified international medical graduates.

Additionally we must engage in a creative programme of recruitment and retention of Canadians physicians, including the repatriation of those who practice outside Canada.

If we are to avoid what appears to be a significant worsening crisis, planning for the future must begin now.

Conclusion

The past years have taken their toll on the health professions. Many physicians are disheartened, frustrated, angry or depressed. Physicians, indeed most health-care professionals, feel that they have not been an important part of the decision-making process.

It is important to remember that improving the quality of goods and services in any sector of the economy—including the health-care sector—requires the active participation and leadership by the people who do the day-to-day work of producing those goods and services. The involvement of physicians, nurses and other health-care professionals in the measurement and management of quality care is not simply desirable but also essential to the improvement of quality. Physicians are willing and waiting to bring their expertise, without prejudice, to decision-making tables.

And we are reaching out to our colleagues in nursing and other health professions, to business, to governments and to consumer groups. We are building alliances and constructive partnerships across the country to build a vision together for health care into the next century.

But the consumers of health care must also be actively involved in discussions. L.L. Golden, in his 1962 book about the crisis in the steel industry in the United States, reminded all of us that in the end we are mandated to do what we do "Only By Public Consent." That is why I am delivering my message here today. You are the opinion leaders; your action can make a difference. As heads of business and leaders of communities, you overcome complex challenges.

I am calling on you today to join the team. To encourage thoughtful dialogue and debate. To push for creativity and responsible accountability as we shape the health-care system for the next century.

I can assure you that the CMA, Canada's physicians, want solutions so that the health-care system is there for you when and where you need it.

I would like to close with a definition of excellence—a driving force in my life.

Excellence is:

- The result of caring more than others think is wise;
- Risking more than others dare;
- Dreaming more than others think is practical;
- Expecting more than others think is possible.

Let us all—each one of us—make a commitment to excellence. That commitment, our courage, determination and perseverance will take us where we need and want to be to assure a sustainable health system and a healthy population vigorously contributing to the productivity of our nation.

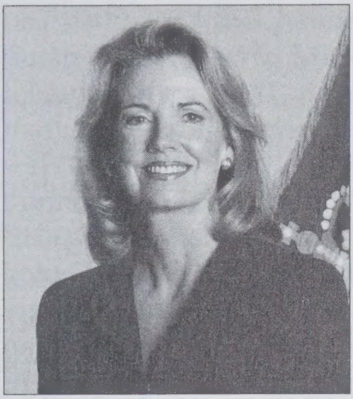
None of us can do it alone, but by supporting each other we can face the challenges and opportunities ahead—and create something very special. Together we can do it.

Canadians both demand it, and deserve and expect no less.

Thank you.

The appreciation of the meeting was expressed by Catherine Steele, Vice-President and Partner, GGA Communications and Third Vice-President, The Empire Club of Canada.

Dr. Alan Hudson, President and CEO, University Health Network, Professor Carolyn Tuohy, Deputy Provost and Professor, Political Science Department, University of Toronto and Frederick S. Eaton, Chairman, White Raven Capital Corporation and Chairman of the Board, University Health Network.



December 16, 1999

The Hon. Hilary M. Weston

Lieutenant-Governor of Ontario

CHRISTMAS LUNCHEON

Seasons Greetings from The Hon. Hilary Weston and Special Performance by the Royal St. George's College Choir

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

Douglas L. Derry, FCA, Corporate Director, Poplar Lane Holdings, Chairman, The Empire Club Foundation and Past President, The Empire Club of Canada; Carolyn Burnett, Senior Student, Orchestra Member, Riverdale Collegiate Institute; The Rt. Reverend Terence E. Finlay, Bishop of Toronto, Anglican Church of Canada and Honorary Chaplain, The Empire Club of Canada; His Worship Arthur Downes, Justice of the Peace in and for the Province of Ontario and Honorary Consul General, Republic of Guinea; LCol. J. R. Forestell, CD, Commanding Officer, Queen's York Rangers, First American Regiment, Royal Canadian Armoured Corps.; Andy Donato, Cartoonist, The Toronto Sun; Roger Lindsay, OStJ, Treasurer, St. John Ambulance for Ontario and Immediate Past Moderator, Presbytery of East Toronto; Hal Hannaford, Headmaster, Royal St.

George's College; The Hon. Henry N.R. Jackman, CM, KStJ, Chairman and President, E-L Financial Corporation Ltd., Former Lieutenant-Governor of Ontario and a Past President, The Empire Club of Canada; David A. Edmison, Senior Partner, Martin, Lucas & Seagram Investment Independent Counsel, Chairman of the Board, Bloorview MacMillan Children's Foundation and a Past President, The Empire Club of Canada; Doris Lau, Vice-President, Nesbitt Burns and Recent Recipient of the Order of Ontario; Priscilla Wright, Award-winning Entertainer and First Canadian female vocalist to have a number-one charted hit on Billboard's Top 100; Bunny Segal, Director, Canadian Council of Christians and Jews and a Director, Breast Health Centre of Princess Margaret Hospital; Walter Gretzky, Father of the Year, Variety Village; and Jack Nederpelt, Managing Director, Heidrick & Struggles.

Introduction by Robert J. Dechert

Honourable head table guests, ladies and gentlemen, it gives me great pleasure to introduce to you our guest of honour—The Honourable Hilary M. Weston.

Hilary Weston

Good afternoon ladies and gentlemen. As Honorary Vice-President of The Empire Club of Canada, I am truly delighted to join you here today for your annual Christmas luncheon. And what a pleasure it is for me to be lunching with Walter Gretzky who is with us here today as Father of the Year. To hockey fans Walter you are the father of the century if not of the millennium for having given us The Great One. Acknowledged the world over as the greatest hockey player ever, Wayne Gretzky is a hero to Canadians. And we must celebrate our heroes. From all that I've heard, Wayne Gretzky is a very modest hero and would be the first to say that he's just doing something that he loves to do.

And maybe that's what heroes are all about—people who are doing their jobs in the very best way they can or folk who are just trying to survive in a harsh world. If that is the case then there are many heroes among us and during my tour of duties I have met my fair share of them.

Since this is Christmas in keeping with the theme of giving I would like to tell you about some of those heroes—people who are not as well off as we are and whose chances of enjoying a nice lunch as we are doing today is very remote at this time or at any other time of the year. They are heroes, as Victor Hugo reminds us in "Les Miserables." Life misfortunes, isolation, abandonment, and poverty are battlefields which have their heroes.

Earlier this year I spent some time in the company of some young social workers who care for Toronto's street folk and they took me to visit a relatively small area underneath the Gardner Expressway. I learned that as many as 500 people were living there, ranging in age from a person of 60 to a boy 11 years old. They told me that the boy was a runaway from a hospital in Montreal where he was being treated for fractures of both legs. When he learned that his father was coming to see him, he fled from the hospital because it was the father who had inflicted his injuries. Despite his broken legs he managed to beg, borrow or steal enough for the bus fair to Toronto. He is now trying to survive as a squeegee kid.

I've come to know one particular social worker called Ted who knows all 500 of the Gardner's residents by name and who worries about them constantly. During the great Toronto snowstorm of last winter this young man woke in the middle of the night knowing exactly where some of his young charges would be sheltering from the elements—in an unused hydro bunker. He also knew that the bunker would be buried by the blizzard and that it would be very unlikely they would manage to get out. So at three o'clock in the morning, armed with a snow shovel, he went to dig them out. And I have to say as the first winter's storm passed earlier this week I found myself thinking about that young man and hoping that he and his friends were warm and safe.

From listening to those young street kids and those who work with them, I know that many would work if they could. But as one young man said to me: "If you want a job, you have to have a place to live. If you want a place to live, you have to have a job." In fact it is the classic catch-22 situation.

Whilst there are training and employment programmes available, funded by all levels of government, most street kids are largely unsuited to the traditional career development programmes even though as a result of having to live by their wits they are resourceful and creative. In fact these are the typical characteristics of an entrepreneur. And the answer to getting these kids off the streets may lie in helping them to develop these traits.

There are groups like Evergreen and the Yonge Street Mission and another group that I have learned about recently called Eva's Phoenix that, with the help of social services, are setting up innovative programmes to teach street kids real skills in fields such as catering, landscaping, construction or printing. Eva's Phoenix is building a new home here in downtown Toronto—a home and a training centre for homeless young people—and involving the kids themselves in the construction of the project so that they can learn the various building trades.

But these are really fledgling programmes and street kids do not have the resources to deal with all the challenges facing them. In order to succeed they need the support of the business community and of people like you and me. Such support should not come under the heading of charity but rather be motivated by social entrepreneurship transforming street kids from a community problem into contributing members of society through investment in programmes that foster the skills that will in turn enable them to build micro-businesses in our inner cities.

The Empire Club of Canada is one of Canada's oldest and most respected clubs and its members espouse the traditions that connect us to our past. John Buchan, the author of "The Thirty-Nine Steps" and Governor General of Canada once said: "We can only pay our debt to the past by putting the future in debt to ourselves." And I can think of no better way to celebrate the new century and millennium that are almost upon us than by investing in all young people who will take Ontario and Canada into the future. It is in this spirit that I bring you the season's greetings and best wishes for the new year filled with peace and joy for everyone.

Thank you.

Robert J. Dechert

I would like to take this opportunity to thank you, Your Honour, for your very gracious remarks today and for joining us at this special time of year. Thank you.

Ladies and gentlemen we have a special musical treat for you now. It is one of the many fine traditions of the Empire Club to share some of the joys of this season by showcasing the tremendous musical talent of our young people. This year we are very privileged indeed to have as our very special guests—the Choir of Royal St. George's College.

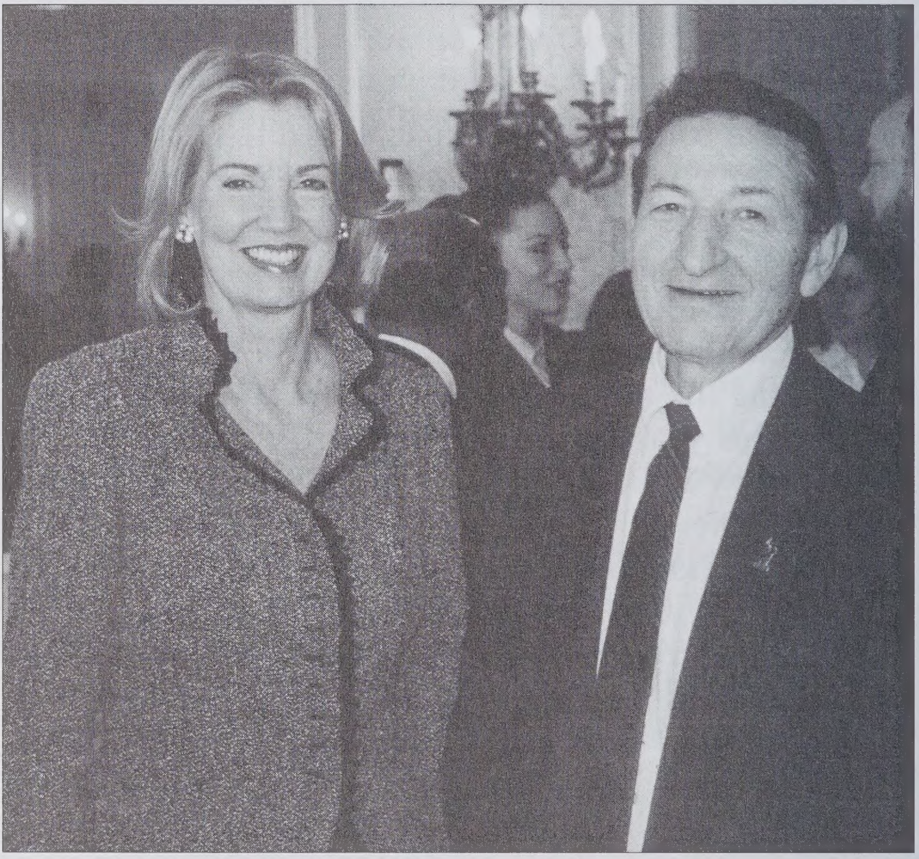
Royal St. George's College was founded in 1964 as a school dedicated to choral music. The celebrated Canadian composer Healey Willan was one of the founders and the inspiration for the college.

Since its first carol service in December of 1964, the choir has been delighting audiences around the world. The choir has toured England where it performed in Westminster Abbey, as well as Hungary, Yugoslavia, Germany, Italy, China, Spain and France.

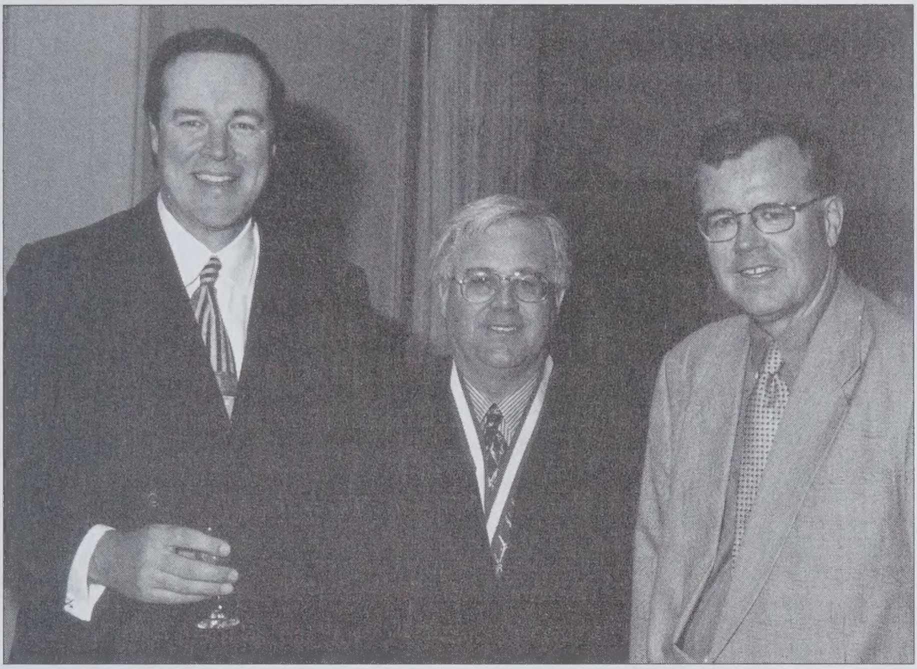
The choir is led by the director of choral music, Mr. Doug Jamieson, and includes over 40 choristers. The choir's accompanist today is Mr. Christopher Dawes, who is the organist, choirmaster and director of music at St. James Cathedral in Toronto.

Ladies and gentlemen please welcome the Royal St. George's College Choir.

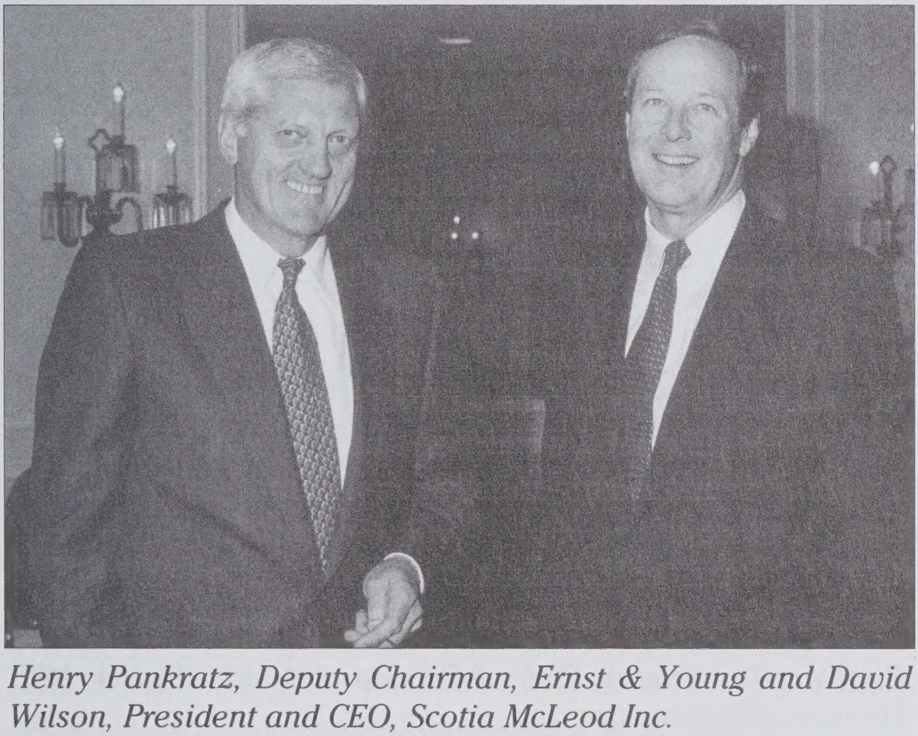
The appreciation of the meeting was expressed by The Hon. Henry N.R. Jackman, CM, KStJ, Chairman and President, E-L Financial Corporation Ltd., Former Lieutenant-Governor of Ontario and a Past President, The Empire Club of Canada.



The Hon. Hilary M. Weston, Lieutenant-Governor of Ontario and Walter Gretzky, Father of the Year, Variety Village.



Ken Shaw, National Editor, CFTO Television and Director, The Empire Club of Canada, Robert J. Dechert, President, The Empire Club of Canada and Partner, Gowling Strathy & Henderson and William D. Laidlaw, 1st Vice-President & President-Elect, The Empire Club of Canada.



Henry Pankratz, Deputy Chairman, Ernst & Young and David Wilson, President and CEO, Scotia McLeod Inc.

Robert J. Dechert, President, The Empire Club of Canada and Partner, Gowling Strathy & Henderson, Terri McGuinty, Spouse of Dalton McGuinty and Dalton J. P. McGuinty, MPP, Leader of the Official Opposition in Ontario and Leader of the Ontario Liberal Party.

Robert J. Dechert, President, The Empire Club of Canada and Partner, Gowling Strathy & Henderson, Gwyne Willmot, Director, The Empire Club of Canada and Mike Harris, MPP, Premier of Ontario.

John Grant, Q.C., Counsel, Gowling Strathy & Henderson and Former Chairman, Toronto Sun Publishing Corporation and William Buchanan, Treasurer, Royal Commonwealth Society of Canada, Toronto Branch.

The Rt. Hon. David Trimble, First Minister (Designate) of the new Northern Ireland Assembly and S. W. (Sam) Billich, SB.St.J., C.D, J.P., Director, The Empire Club of Canada.

Left to right: Peter Mansbridge, Chief Correspondent and Co-Host of The National News, Canadian Broadcasting Corporation; Steve Burchmore, Manager, Community Relations, Enbridge Consumers Gas; William Buchanan, Treasurer, Royal Commonwealth Society of Canada, Toronto Branch; John Grant, Q.C., Counsel, Gowling Strathy & Henderson and Former Chairman, Toronto Sun Publishing Corporation; Reverend Dr. Robert Pierson, St. Philips Anglican Church; The Rt. Hon. Ramon Hnatyshyn, PC, C.C., C.M.M., C.D., Q.C., Former Governor General of Canada and Counsel, Gowling Strathy & Henderson; Major The Hon. Mr. Joseph H. Potts, C.D., Superior Court of Justice, Ontario and a Past President, The Empire Club of Canada; Robert J. Dechert, President, The Empire Club of Canada and Partner, Gowling Strathy & Henderson; Edward P. Badovinac, Professor Emeritus, Telecommunications, Counsel, Royal Commonwealth Society of Canada, Toronto Branch and Director, The Empire Club of Canada; and Noreen Clement, Chairman, Royal Commonwealth Society of Canada, Toronto Branch and Teacher, Burnhamthorpe Collegiate Institute and Chairman of "Passing the Torch" Campaign.

The Hon. Frank McKenna, Former Premier of New Brunswick and Counsel, McInnes Cooper & Robertson, Bill D. Laidlaw, 1st Vice-President and President-Elect, The Empire Club of Canada, Reverend Dr. John Niles, Victoria Park United Church and Edward P. Badovinac, CET, KH, Chairman, The Empire Club of Canada Yearbook and Director, The Empire Club of Canada.

Tony van Straubenzee, Managing Director, Russell Reynolds Associates and Past President, The Empire Club of Canada, Peter George, President, McMaster University and Gordon M. Nixon, Managing Director and Global Head, Corporate and Investment Banking, RBC Dominion Securities.

Brian Steck, Vice-Chairman, Bank of Montreal and Chairman of the Board, North York General Hospital, The Hon. Thomas L. Wells, Former Minister of Health, Province of Ontario, President, TLW Consulting and Director, The Empire Club of Canada and Karon Bales, Partner, Gowling Strathy & Henderson and Chairman of the Board, North York General Hospital Foundation.

Lynn Haight, Senior Vice-President, Risk Management, The International Order of Forresters and President, Tafelmusik Baroche Orchestra, Montague Larkin,C.A., Past President, Canadian Opera Company, Director, Toronto Arts Council and an Honorary Director, The Empire Club of Canada, Ottie Lockey, Managing Director, Tafelmusik Baroche Orchestra, Peter Simon, President, Royal Conservatory of Music and The Reverend Charles R. Plaskett, Minister Emeritus, Timothy Eaton Memorial United Church.

Patricia Hetherington-Keys, President, Junior League of Toronto, Brian Ross, Partner, Highway Entertainment and Sara Laidlaw, President, Burlington Hamilton Junior League.

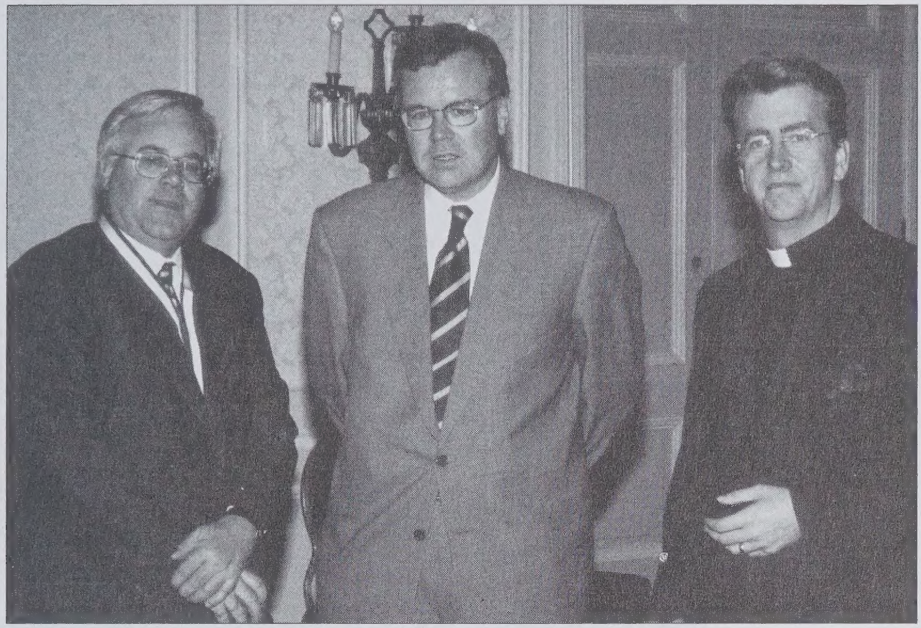
Robert J. Dechert, President, The Empire Club of Canada and Partner, Gowling Strathy & Henderson, Dr. Diane Bridges, D.M., J.P., Director of Pastoral Care, Peel Memorial Hospital and Murray MacKenzie, President and CEO, North York General Hospital and Chair-Elect, Ontario Hospital Association.

Patricia Hetherington-Keys, President, Junior League of Toronto, Jennifer Fleming, Student, St. Mildred's Lightbourn School, Oakville and Gywne Willmot, LVO, AdeC, Director, The Empire Club of Canada.

Denis Morrice, President and CEO, The Arthritis Society, Lynda Cranston, CEO, Canadian Blood Services and William Gleed, Director, Canadian Blood Services.

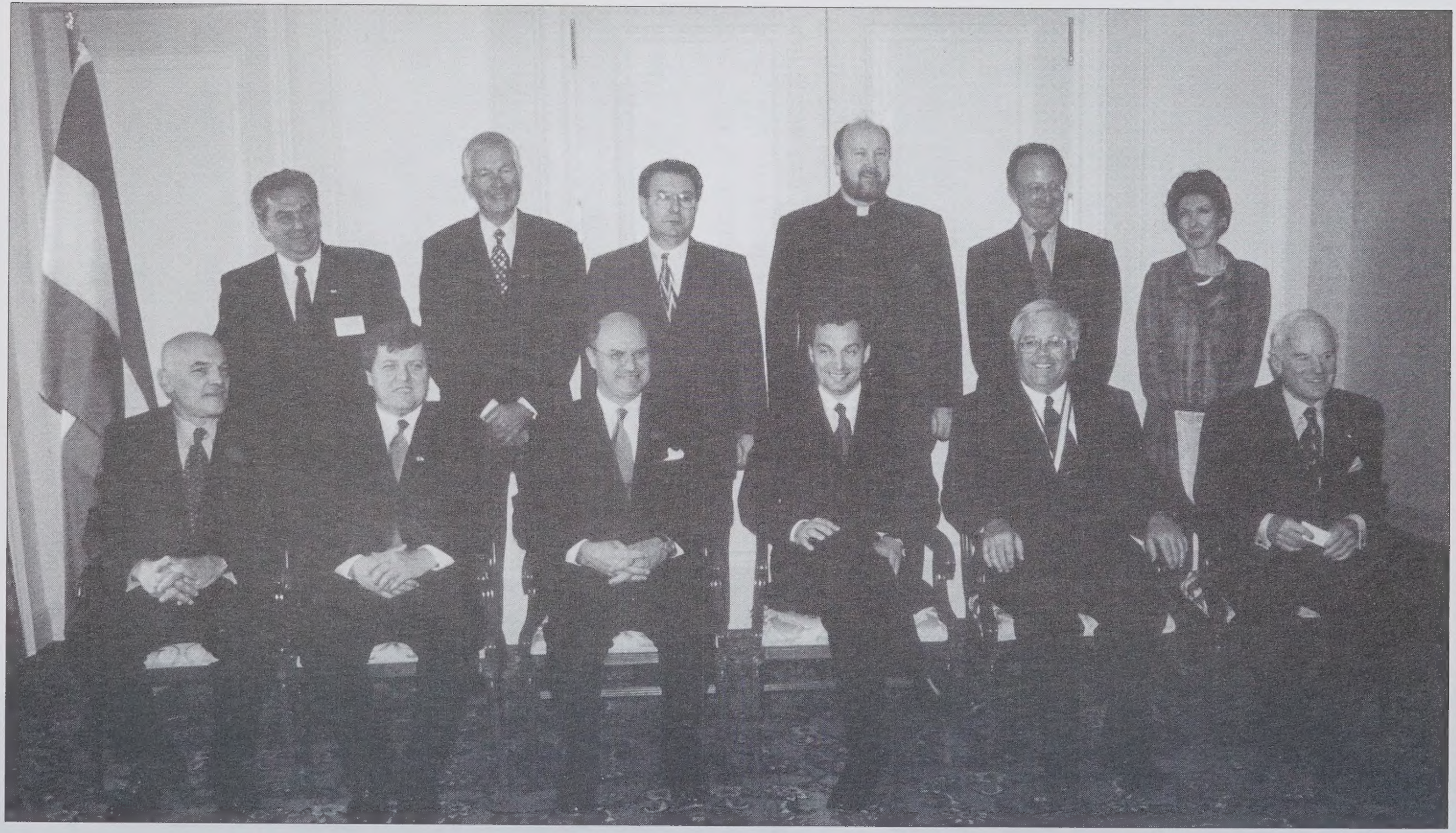
Lorenzo Biondi, Vice-President, Drug Regulation, Information Quality, Hoffmann LaRoche, John Melville, President, Hoffmann LaRoche and Lillian Morgenthau, President, Canadian Association of Retired Persons (CARP).

Edward P. Badovinac, C.E.T., K.H., Director, The Empire Club of Canada and Chairman, The Empire Club of Canada Yearbook, His Excellency Dr. Viktor Orbán, Prime Minister of the Republic of Hungary, Robert J. Dechert, President, The Empire Club of Canada and Partner, Gowling Strathy & Henderson and Willis L. Blair, Vice-President, Toronto East General Hospital Foundation and Director, The Empire Club of Canada.



Robert J. Dechert, President, The Empire Club of Canada and Partner, Gowling Strathy & Henderson, William D. Laidlaw, Immediate Past Chairman, Ontario Chamber of Commerce and 1st Vice-President and President-Elect, The Empire Club of Canada and The Reverend Dr. John Niles, Victoria Park United Church.

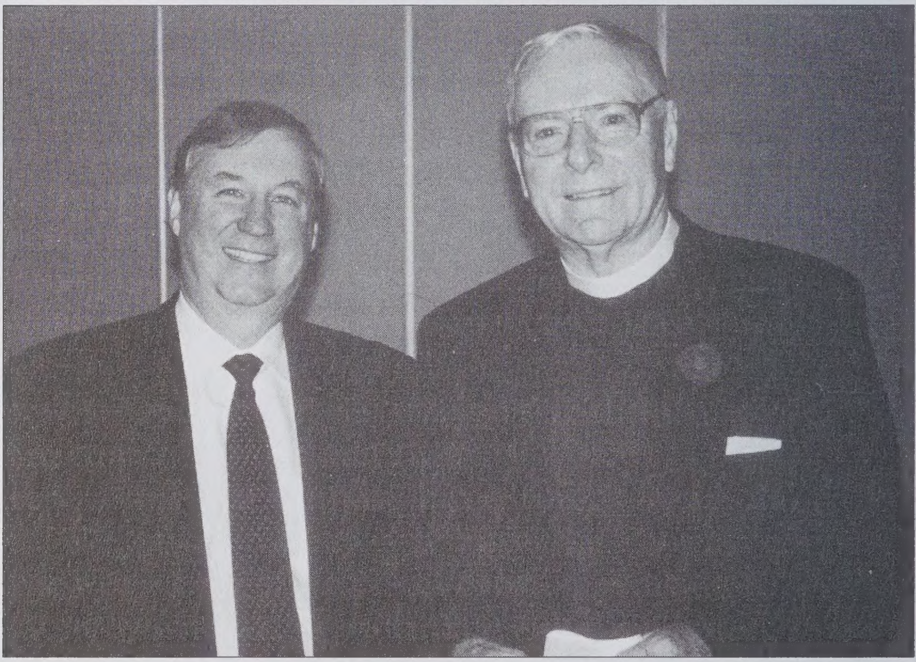
John K. Carrington, Vice-Chairman and COO, Barrick Gold Corporation and Gordon Peeling, President, Mining Association of Canada.



Front row, left to right: Béla W. Fejér, Q.C., President, Fejér & Associates; His Excellency Dr. István Stumpf, Minister, Head of the Office of the Prime Minister, Republic of Hungary; The Hon. David M. Collenette, Transport Minister, Government of Canada; His Excellency Dr. Viktor Orbán, Prime Minister of the Republic of Hungary; Robert J. Dechert, President, The Empire Club of Canada and Partner, Gowling Strathy & Henderson; and Peter Munk, Chairman and CEO, TrizecHahn Corporation and Chairman, Barrick Gold Corporation.

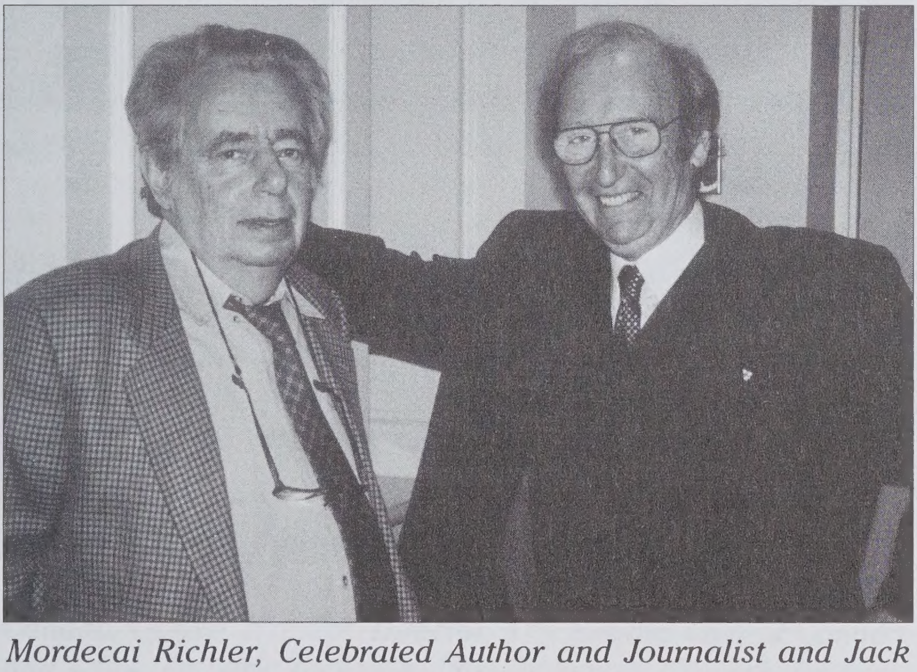
Back row, left to right: His Excellency, St. Attila Chikán, Minister of Economy, Republic of Hungary; William Saunderson, Chair, Ontario Exports Inc. and Former Ontario Minister of Economic Development, Trade and Tourism; Dr. Laslo Simon, Chair, Hungarian Research Institute of Canada, University of Toronto; The Reverend Kim Beard, Rector, Christ Church, Brampton and Director, The Empire Club of Canada; Bart J. Mindszenthy, A.P.R., Partner, Mindszenthy & Roberts and Director, The Empire Club of Canada; and Diana L. Chant, C.A., Partner, PriceWaterhouse Coopers and Treasurer, The Empire Club of Canada.

Robert J. Dechert, President, The Empire Club of Canada and Partner, Gowling Strathy & Henderson, Sheelagh Whittaker, President and CEO, EDS Systemhouse Canada Ltd., John C. Koopman, Principal, Heidrich & Struggles and Director, The Empire Club of Canada and John Craig, Corporate Sales Manager, Cantel AT&T Canada.

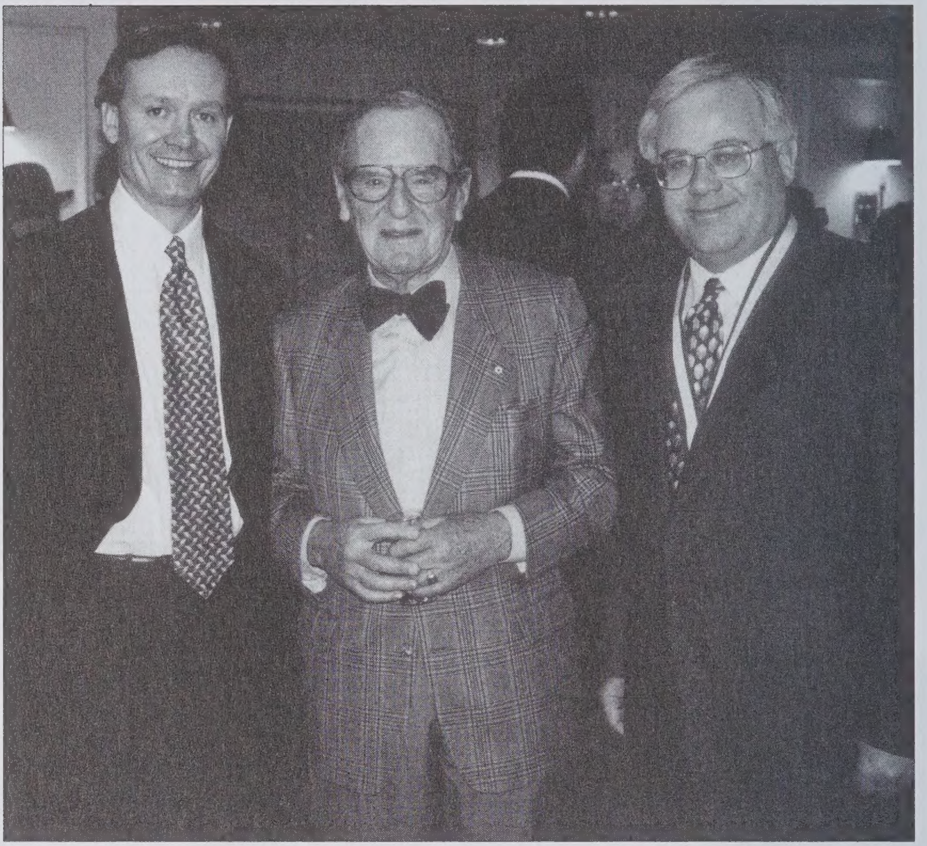


Patrick Reid, President, Ontario Mining Association and the Reverend Dr. Brian Freeland, Associate Priest, St. Thomas's Anglican Church.

William Morgan, Journalist and Montague Larkin,C.A., Retired Executive Director, The Ireland Fund of Canada and an Honorary Director, The Empire Club of Canada.

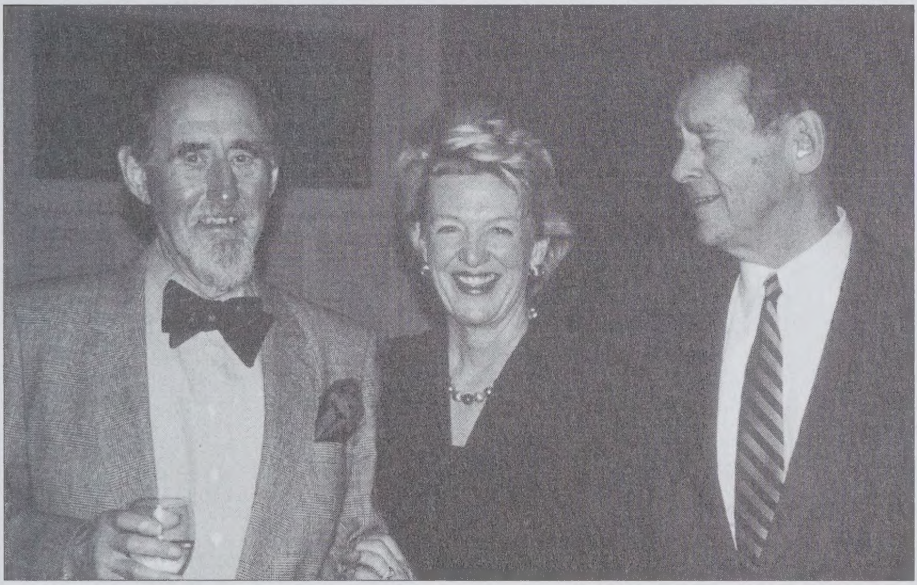


Mordecai Richler, Celebrated Author and Journalist and Jack Rabinovitch, Businessman and Founder, The Gillar Prize.



Larry Stevenson, CEO, Chapters Inc. and CEO, Chapters Online, The Hon. Barnett Danson, Consultant and Honorary Director, The Empire Club of Canada and Robert J. Dechert, President, The Empire Club of Canada and Partner, Gowling Strathy & Henderson.

William Whiteacre, Honorary Director, The Empire Club of Canada, Mary Byers, Honorary Director, The Empire Club of Canada and Harry T. Seymour, Past President, The Empire Club of Canada.



Montague Larkin, Honorary Director, The Empire Club of Canada, Gwyne Willmot, Director, The Empire Club of Canada and L.Col. Frederic Jackman, Past President, The Empire Club of Canada.

Edward P. Badovinac, Director, The Empire Club of Canada and Chairman, The Empire Club of Canada Yearbook and Douglas Derry, Past President, The Empire Club of Canada and Chairman, The Empire Club Foundation.

Dr. Hugh Scully, President, Canadian Medical Association and The Hon. Murray Elston, President, Research and Development, Canada's Research-Based Pharmaceutical Companies and Former Ontario Minister of Health.

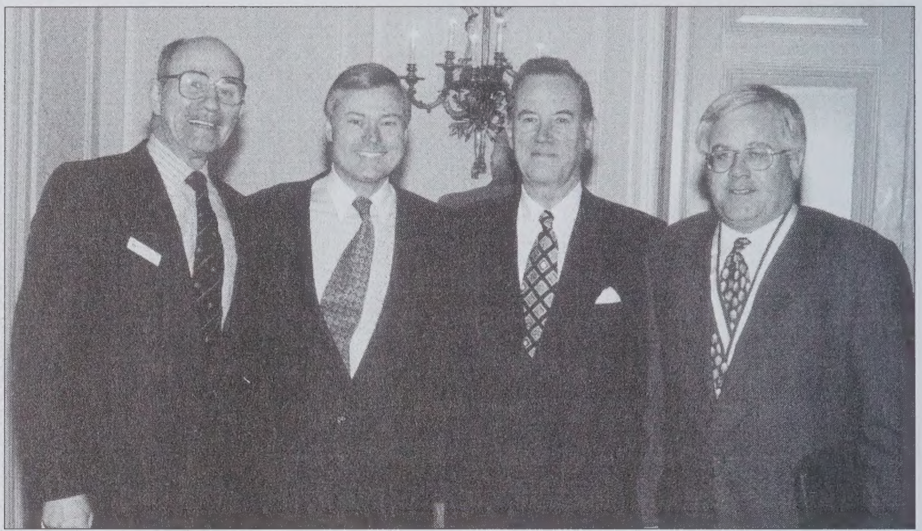
Alan G. Davenport, Ph.D., Research Director, Institute for Catastrophic Loss Reduction, University of Western Ontario, Terry Squire, President and CEO, The Co-operators General Insurance Company and Chairman, Institute for Catastrophic Loss Reduction and George Anderson, President and CEO, Insurance Council of Canada.

Colin Wickham, Administrator Assistant, The Empire Club of Canada, Major William (Bill) Duncan, Honorary Director and Chairman of the Reception Committee, The Empire Club of Canada and Debbie Testa, Administrator, The Empire Club of Canada.

Royal St. George's College Choir

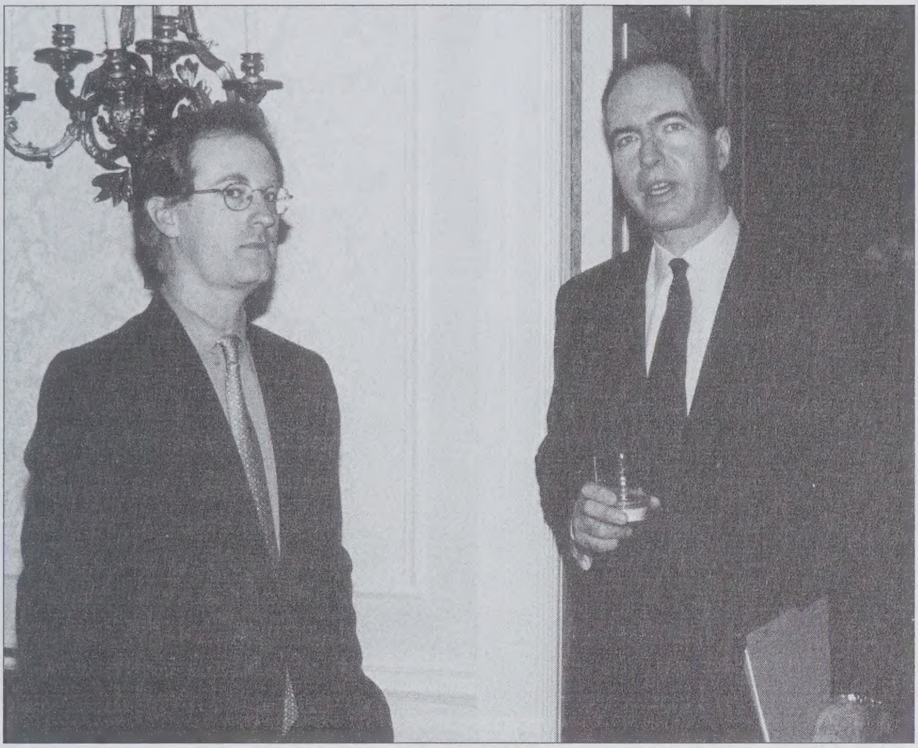
Douglas L. Derry, FCA, Corporate Director, Poplar Lane Holdings, Chairman, The Empire Club Foundation and Past President, The Empire Club of Canada, David A. Edmison, Senior Partner, Martin, Lucas & Seagram Independent Investment Counsel, Chairman of the Board, Bloorview MacMillan Children's Foundation and Past President, The Empire Club of Canada and The Rev. Kim Beard, Rector, Christ Church, Brampton and Director, The Empire Club of Canada.

Allan Fotheringham, Author and Columnist and Anne Libby, Owner, Libby's of Toronto Art Gallery and Director, The Empire Club of Canada.

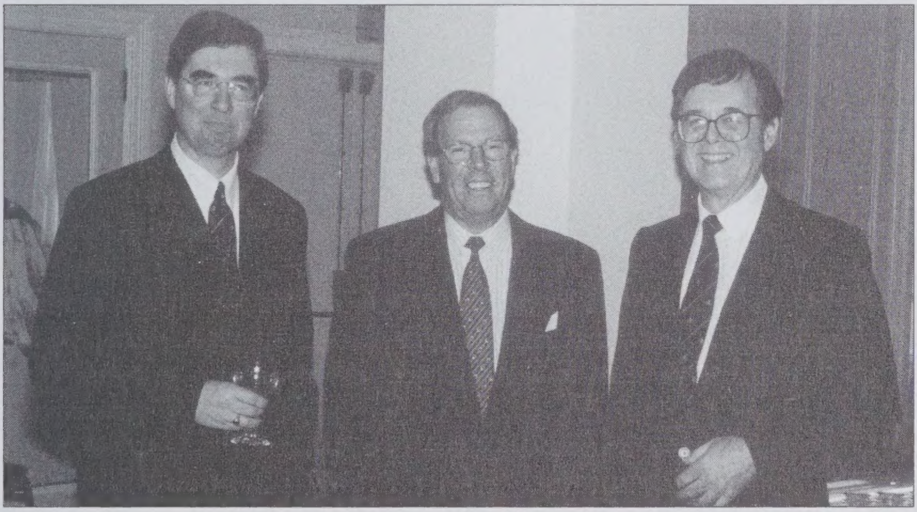


L.Col. A. G. (Sandy) Cameron, OSt.J., C.D., AdeC, Director, The Empire Club of Canada, Blake C. Goldring, F.C.A., President and COO, AGF Management Limited and Director, The Empire Club of Canada, Ronald Goodall, F.C.A., Past President, The Empire Club of Canada and Robert J. Dechert, President, The Empire Club of Canada and Partner, Gowling Strathy & Henderson.

Monsiour Hughes Goisbault, Consul General of France in Toronto and Edward P. Badovinac, CET, KH, Chairman, The Empire Club of Canada Yearbook and Director, The Empire Club of Canada.



Clive Coombs, Executive Vice-President, AGF Management Limited and A. Scott Penman, CFA, President and Managing Partner, Investors Group Investment Management Limited.

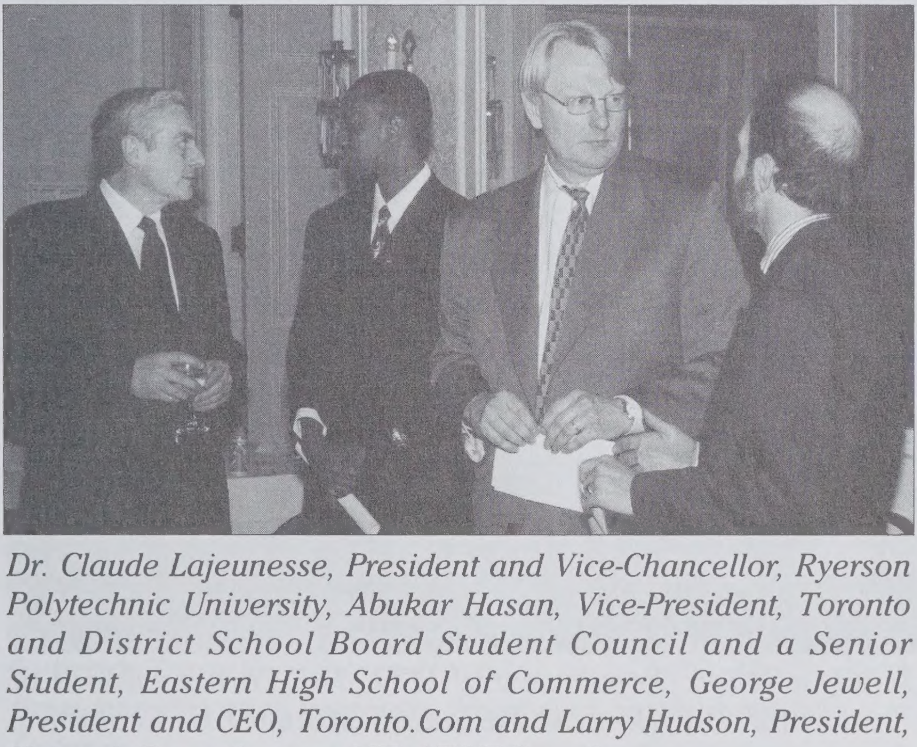


John C. Koopman, Consultant, Heidrick & Struggles and Director, The Empire Club of Canada, Michael L. Willmot, Chairman, Kinghaven Capital Corporation and Edward P. Badovinac, CET, KH, Chairman, The Empire Club of Canada Yearbook and Director, The Empire Club of Canada.

The Hon. Stockwell Day, Provincial Treasurer for the Province of Alberta and Kevin Warriner, Student, R. H. King Academy and Secretary, Toronto District Board Student Council.

Ray Mowling, President, Monsanto Canada and The Hon. Gregory Marchildon, Deputy Minister to the Premier, Province of Saskatchewan.

Jocelyne Côté-O'Hara, Principal, C_2O & Company and Director, The Empire Club of Canada, Gaylen Duncan, President, Information Technology Association of Canada and Carol Stephenson, President and CEO, Lucent Technologies Canada Inc.



Dr. Claude Lajeunesse, President and Vice-Chancellor, Ryerson Polytechnic University, Abukar Hasan, Vice-President, Toronto and District School Board Student Council and a Senior Student, Eastern High School of Commerce, George Jewell, President and CEO, Toronto.Com and Larry Hudson, President, Network Operations and IT, AT&T Canada.

Peter Ciceri, President, Compaq Canada Inc. and Simon Witts, President, Microsoft Canada Co.

M. Elyse Allan, President and CEO, The Toronto Board of Trade and The Hon. Al Palladini, Minister of Economic Development and Trade, Province of Ontario.

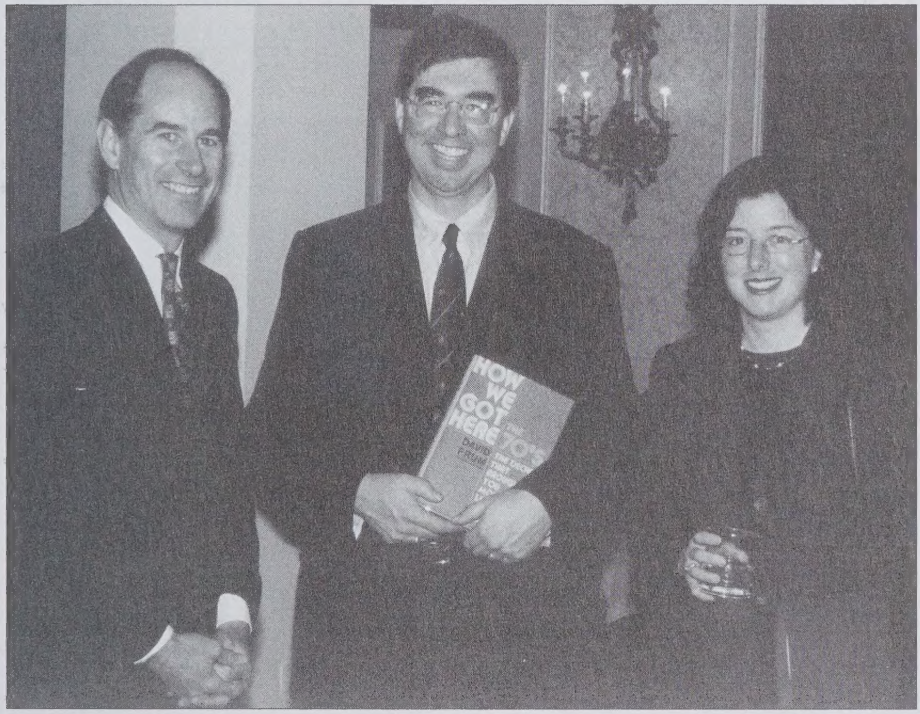
The Hon. Tony Clement, MPP, Minister of Municipal Affairs and Housing, Government of Ontario, The Hon. Frank Klees, MPP, Minister without Portfolio, Chief Government Whip and Belinda Stronach, Executive Vice-President, Magna International Inc.

Dr. Frank Silver, Director, Stroke Program, University Health Network, Toronto Western Hospital and Diane Black, Vice-President, External Relations, Heart and Stroke Foundation of Ontario.

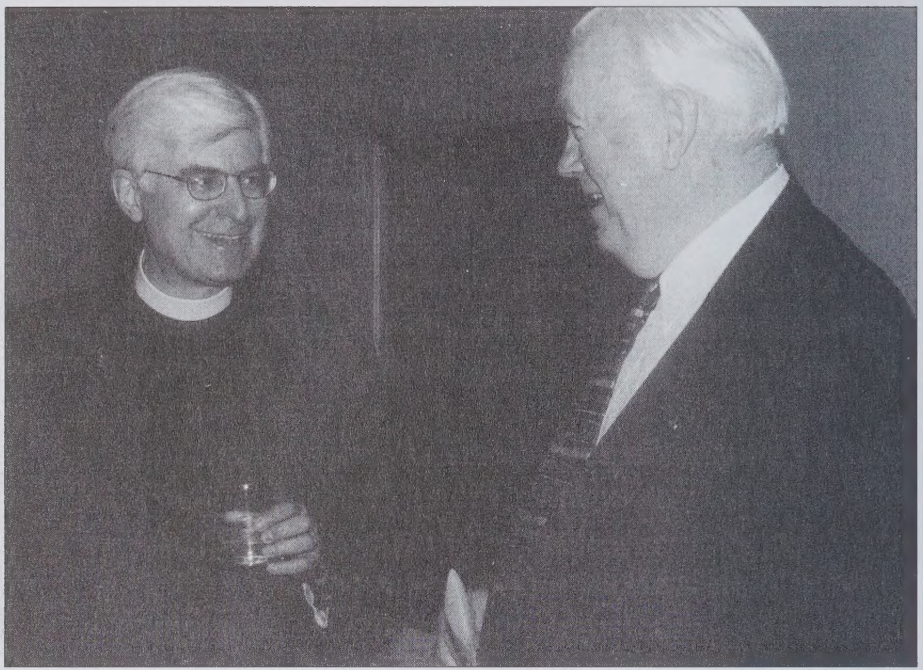
Robert J. Dechert, President, The Empire Club of Canada and Partner, Gowling Strathy & Henderson and Preston Manning, MP Calgary Southwest and Leader of the Official Opposition.

The Hon. Tony Clement, MPP, Minister of Municipal Affairs and Housing, Government of Ontario and Reverend Kim Beard, Rector, Christ Church, Brampton and Director, The Empire Club of Canada.

Robert J. Dechert, President, The Empire Club of Canada and Partner, Gowling Strathy & Henderson and K. Y. Ho, Chairman and CEO, ATI Technologies Inc.



Roger Martin, Dean, Rotman School of Business, University of Toronto, John C. Koopman, Principal, Heidrich & Struggles and Director, The Empire Club of Canada and Catherine Steele, Vice-President (Toronto) and Partner GGA Communications and 3rd Vice-President, The Empire Club of Canada.



The Reverend Philip Bristow, Rector, St. Philips-on-the-Hill Anglican Church, Unionville and Willis Blair, Director, The Empire Club of Canada.

David Pecault, Managing Director, E-Ventures, The Boston Consulting Group and Robert J. Dechert, President, The Empire Club of Canada and Partner, Gowling Strathy & Henderson.

January 13, 2000

A. Scott Penman

President and Managing Partner,
Investors Group Investment Management Limited

Clive Coombs

Executive Vice-President, AGF Management Limited

Moira McLachlan

Portfolio Manager and Equity Analyst,
Mackenzie Investment Management Incorporated

ANNUAL FINANCIAL FORUM

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

Margaret M. Samuel, CFA, Equity Analyst, Royal Bank Investment Management Inc. and a Director, The Empire Club of Canada; Lawrie Lewis, Managing Director and Co-Head of Institutional Equities, Scotia Capital Inc.; Joe Oliver, President and CEO, Investment Dealers Association; Andrea Rosen, Deputy Chairman, TD Securities Inc.; Eric Tripp, Senior Vice-President and Director, Institutional

Equity Sales, Nesbitt Burns Inc.; The Hon. Thomas Hockin, President and CEO, Investment Funds Institute of Canada and a Director, The Empire Club of Canada; Reverend Grant Kerr, Associate Minister, St. Paul's United Church, Brampton; Blake C. Goldring, CFA, President and COO, AGF Management Limited and a Director, The Empire Club of Canada; David Brown, Chair, Ontario Securities Commission; François Du Plessis, CEO, HSBC Securities Canada Inc.; and Gerald C. Throop, Executive Vice-President and Managing Director, Equity Markets Group, Merrill Lynch Canada Inc.

Introduction by Robert J. Dechert

As you know, each year at this time the Empire Club does something a little different and brings you a selection of advice from three leading investment gurus.

This year's market is barely eight days old and already we have had a wild ride; the post-Y2K volatility continues to be the major news story each day. We have already experienced record one-day decreases followed by record one-day increases in several major indexes. One wonders what the balance of 2000 has in store for us?

Our expert guest speakers today have agreed to share with us their insights with respect to the near and medium terms in Canadian and global fixed income and equity markets.

The batting order for our experts today will be Clive Coombs, who will provide us with his insight into the market for fixed income securities, Scott Penman who will provide us with his forecast for Canadian equity markets and finally, Moira McLachlan, who will share with us some of her projections with respect to global equity markets.

Our first speaker today, Mr. Clive Coombs, currently leads the fixed income team at AGF, managing approximately $3 billion of domestic and international bond funds.

Clive was educated at Trinity College of the University of Toronto and continued graduate studies at the London School of Economics.

He was appointed Executive Vice-President in 1998 with overall responsibility for investment management and currently manages a diversified range of top-performing funds with assets of over $20 billion. Mr. Coombs was appointed a Director of U.K.-based NCL investments in 1998.

Ladies and gentlemen please welcome Mr. Clive Coombs.

Clive Coombs

Mr. President, honoured head table guests, ladies and gentlemen: good afternoon.

It is a pleasure to be here with you today to give you my outlook on the bond market for the year ahead. In this time of extraordinary gains in the stock market, rebounding property prices and the general "feel good" atmosphere in the economy, I am going to try to convince you to give the bond market another look. In my attempt I will be examining four areas that affect the bond market over the longer run: first, economic growth versus inflation; second, the supply of bonds; third, central bank alertness; and fourth, real yields.

The bond markets in 1999 turned in their second-worst performance since the Second World War. U.S. Treasury bond yields rose 2 per cent and long-term Canada bonds saw rates rise by almost as much. The only bond markets to perform well were those in the emerging economies. Their markets were of course rebounding from the decimation of the previous year, that swept that part of the world in the wake of the Russian debt crisis.

So why was 1999 such a bad year for Canadian and U.S. bonds? Well, we started 1999 feeling our way out of the Asian meltdown. Almost immediately, the strength of the rebound in Asia, stability in Latin America and Russia and the continuing strength of the North America economy gave bond investors much to contemplate. They anticipated a strong rebound in inflation and the bonds began a steady sell-off. This reaction is understandable given that most of us in the market or in this room for that matter were either in the markets during high inflation times or were educated during those times.

This brings me to the first area of examination—economic growth versus inflation. I think it is important to put inflation into historical perspective. It is hard to believe, but the level of wholesale prices in the U.S. was the same in 1950 as it was in 1776. Sure there were bouts of inflation in between, generally around wars, but there were also long periods of deflation. It was only from the early 1960s to the early 1980s that rampant uncontrolled price level increases took hold. The main reason behind this was a serious misinterpretation of Keynesian economic theory which created a level of government spending in peacetime historically reserved for wars.

High growth rates have in recent times been equated with high inflation. However, it is once again important to look at what happened in the U.S. from 1865–1905, a period similar in many ways to today. There were rampant technological changes at that time; the invention of the telegraph, the transcontinental railroad was built, and the first national market was created. During this time industrial production increased 700 per cent or 5 per cent per year, but the general level of prices dropped 50 per cent or 1.7 per cent per year. Lots of growth, technological innovation and absolutely no inflation. The railroad bond yields dropped from 8 per cent to 4 per cent in response to declining prices. Isn't this exactly what the Internet is doing today? Over the last few years, estimates for economic growth have been largely understated. In fact, consensus estimates have been wrong by 2 per cent per year since 1996. Maybe, just maybe, the uniformly strong predictions for GDP growth this year will be overstated and harried bond investors will be given a small reprieve as the threat of a wage and price spiral once again remains unfulfilled.

The second area to look at is supply and demand. Basic economics and common sense tells us that excess supply drives down prices. The same is true for bonds. For 30 years of increasing government debt levels, of up to $300 billion per year in the U.S., bond yields rose and bond prices dropped. Over the last few years there has been a tremendous turnaround in profligate government spending. Deficits have been eliminated and yields for the past five years are much lower than they were in the 10 years before that. In Canada, net bond supply by both government and corporates to the market last year was $16 billion. Corporates issued $19 billion of bonds which means that the government was responsible for the difference of -$3 billion i.e. a net reduction of government debt of $3 billion. To look at it another way, in 1993 bond issuances in Canada amounted to $65 billion of which the government issued $54 billion. Since then not only has bond issuance declined, but more importantly the mix has changed and companies are able to get at the table rather than being crowded out by big government. The story is similar south of the border. While government supply has become largely negative, corporate and mortgage debt has grown to fill the void. In the short run, the total supply is not good for the market, but the change in mix is extraordinary and very encouraging. Companies generally make better use of capital than governments. There is also a check and balance inbuilt when it is companies rather than governments who borrow. Corporations who over-extend go bankrupt—quite Darwinian but very deflationary. This is good for holders of quality debt. If governments issue huge amounts of debt, and if they have a problem it is very easy for them to monetise it, i.e. print money to get themselves out of trouble, which of course creates the inflation we experienced in the 1970s.

The third area is the role and alertness of central banks around the world. In the 15 years I've been an investor in the bond market, technological tools available to traders and investors have improved tremendously. We have real-time access to information and prices from every corner of the globe. This means that we investors and traders can buy or sell a bond traded anywhere in the world very quickly. What this does is create a healthy discipline on fiscal authorities and central bankers who realise slight slippage in policy will cause an immediate sell-off in their bond market. Central banks are alert today, they're vigilant and are very cognizant of letting the fear of inflation get out of hand. Remember 1994, the Federal Reserve raised rates six times, although inflation was well contained. On the contrary, the recent moves by the new government of New Zealand to abandon successful economic policies in favour of loose policy, indicating a rift between government and the central bank, caused an immediate drop of 5 per cent in their currency and commensurate rise in interest rates. Obviously the government was forced to back-pedal very fast.

These examples are tangible proof of the efficiency of the markets and of central bank vigilance.

The final area I'd like to cover is real interest rates. With the issuance a few years back of real return or indexed linked bonds, it has become very easy to judge the level of real yields. Currently, the yield on these bonds is 4.5 per cent which is the highest they've been since they were issued and almost as high as implied real yields have been in 30 years. This level is very high when one considers that the real return from U.S. bonds since the war has been a paltry 1.3 per cent. Even the S & P 500 has only returned just under 7 per cent on a real basis over this time. A 4.5-per-cent real yield now looks awfully attractive. There is great value in bonds.

What I have outlined for you today are four of the many influences affecting the bond market. Let's recap. Growth does not in itself lead to inflation, the drop in supply of government bonds is very good for the market, central banks are watched very carefully by the market and real yields on an historical basis look very high right now.

Now markets are as much about risk as reward. We have examined the potential to drive bond prices higher so where's the risk?

What is causing problems right now is that the unemployment rate is very low in the U.S. at 4.1 per cent and

Canada at 6.9 per cent. These historically low rates of unemployment, although good for the country, are causing investors to worry about a pick-up in wage inflation. However more recently average hourly earnings have actually been declining. Additionally, the U.S. has become a much more open economy, very efficient and able to import cheap foreign goods and in so doing the U.S. gets access to cheaper labour. Quite simply if you haven't got the people to make it yourself, buy it from someone else. There are many countries willing to sell their output to the U.S. and Canada. China for example is facing a different problem. This year it expects to lay off 12 million people.

I trust you see the point. In the short run, it is distinctly possible to see an up-tick in short-term interest rates in the U.S. and Canada, which may cause a ripple effect in the bond market with yields approaching 7 per cent. A time will come however, when the economy will show signs of slower growth. God-forbid we could also see a small retrenchment in the equity markets. Should either of these events occur I believe the bond market is poised for a powerful rally with yields in North America back in the 5.5-per-cent range.

So if you're a patient, contrarian investor, and like buying last year's losers, I strongly encourage you to give the bond market a second look. Good luck with your RRSP investing.

Introduction by Robert J. Dechert

As President and Managing Partner of Investors Group Investment Management Ltd., Scott Penman leads a team of portfolio managers, analysts and traders who are responsible for 50 funds and over $36 billion of assets under management.

In addition, Scott is Portfolio Manager of the Investors Canadian Equity Fund, a $2.9-billion fund that he has managed since 1983.

He first joined Investors Group in 1981 as an investment analyst and during his tenure has held positions as Portfolio Manager of the Investors Mutual Fund of Canada and the Investors Retirement

Mutual Fund as well as being a key consultant on the Investors Canadian Small Cap Funds and the Investors Canadian Enterprise Fund.

Today, he is one of Canada's most respected investment professionals.

Ladies and gentlemen, please welcome Mr. Scott Penman to the podium of The Empire Club of Canada.

Scott Penman

Good afternoon ladies and gentlemen.

I want to start by thanking President Dechert for his kind introduction, and Blake Goldring for the invitation to speak to you this afternoon. It is also my pleasure to share the podium with Clive Coombs and Moira McLachlan, two very respected names in the investment world today.

I am especially pleased to be here to talk about what I see as an exciting road ahead for investors in the Canadian marketplace.

This is a rare occasion, especially since Groundhog Day is still a few weeks away, to have three senior investment managers who are brave enough to poke their heads out of their burrows long enough to predict whether we are in for an early spring, or can expect six more weeks of dreaded winter. And as I will point out in just a few minutes, for those who make their living making market predictions, such as the doomsayers who said the world would spiral into recession as a result of the Y2K bug, many of them should envy the track record of the groundhog, who is right at least 50 per cent of the time.

Now, it is true that the past 18 months have seen a bit of a rollercoaster ride for those who follow the equity markets. We have seen the dizzying highs of what will perhaps be the longest bull market in history interrupted by a few market corrections, the most recent one occurring last summer. The turbulent markets, together with fears about Y2K, created endless months of uncertainty forcing some investors to watch nervously from the sidelines. Unfortunately, those on the sidelines have been missing out on some great opportunities.

This has also not been an easy time for those of us who manage mutual funds, especially Canadian equity mutual funds.

I am reminded of the story of two Canadian mutual fund managers who, on a trip to Mexico, decided to try their hand at bungee jumping. After a bit of liquid courage in the form of a few tequilas, the first manager makes up his mind to take the plunge. He bounces at the end of the cord, but when he comes back up the second manager notices that he has a few cuts and scratches. Unfortunately he isn't able to catch him, so the first manager falls again, bounces and comes back up. This time he is bruised and bleeding. Again, the second manager misses him. So he falls another time and bounces back up. This time, he comes back pretty messed up; he's got a couple of broken bones and is almost unconscious. Luckily, the second manager finally catches him, and asks: "What happened? Was the cord too long?" The first manager says: "No, the cord was fine but what the heck is a pinata?"

Those of us who manage Canadian equity funds may feel that way sometimes. Despite all our efforts to pick wisely, manage risk and buy for the long term, when the markets go through volatile periods, you often find yourself at the other end of the stick. That, for better or worse, comes with the job.

But today, we have before us not only a new year, but a new decade, and a new millennium. It comes naturally that we tend to look to where markets may be headed over the next 10 years.

It wasn't that long ago, when we were faced with days of rampant inflation, high interest rates and pronouncements that the stock markets were all but dead. Over the years that transpired, we shifted into a prolonged period of low inflation, low rates of borrowing and a booming economy. To illustrate how dramatically the world has shifted over the past two decades, I went back to some of the predictions the experts were making 10 and 20 years ago to see how they stand up today.

Look at what the analysts were saying back in 1979. They predicted that during the 1980s oil would reach $100 a barrel; double-digit inflation would continue through the decade; and your best investments would be gold and the family home. In fact, in August of 1979, Newsweek had a cover story showing a picture of a dinosaur proclaiming "The Death of Equities." As you can see, they were wrong on all counts.

Skip ahead to 1989, and what were the experts saying? Japan's industrial machine would be so formidable that the U.S. simply could not compete. In fact, Japan would own most of the rest of the world by the end of the 90s and North American stocks could never match their performance of the 1980s. Do you see a trend developing here?

To show you how far we have come, just listen to some of the current wisdom for the decade ahead:

- Stocks always provide the best returns;
- The remarkable returns of the 1990s can be expected for the future;
- Always buy during the dips, and hold on because stocks will always go higher over time;
- Dividends, once a key element in measuring the health of a stock, simply don't matter anymore;
- Bear markets are a thing of the past. The Federal Reserve and the Bank of Canada simply will not allow it. There will be no recession in the next decade; new information technology, a growing service-based industry and just-in-time inventory has made recession obsolete;

- Internet-related advances in commerce and communication will be the industrial revolution of the 21st century; technology will improve investment returns as it improves productivity;
- Inflation is dead, and interest rates will remain low.

When I reflect on this list of popular predictions the one thing that strikes me is how fearless the next decade's predictions are in comparison to the past. I believe this optimism is due, in part, to a broader recognition that the underpinnings of today's economy have never been stronger. With inflation and interest rates under control, and employment and economic growth on the rise, the confidence of our market analysts has gone up considerably. But as time has taught us all, predictions are often notorious for missing the mark. It is my view that a little more respect for risk is required.

Although the conditions appear to be ripe for widespread market expansion, we have seen only small pockets of companies surging ahead. I'm referring to that narrow group of technology-related stocks that has been largely responsible for the TSE's gain over the past 12 months. The problem is an issue of breadth, where many are concerned that the drive forward cannot be sustained without broader participation. And when you consider that one-third of stocks in Canada and the U.S. are still more than 30 per cent off their 52-week highs, while market averages are at, or near, all-time highs, you quickly see where those concerns have arisen.

The mystery then remains. Why has the rest of the Canadian market failed to generate the same level of enthusiasm as that small group of very dynamic stocks?

The federal and provincial governments, for their part, have set the right tone for growth in our economy by getting our country's fiscal situation under control. True, the debt is still there. But we all can agree that the fiscal situation is much more encouraging in this new framework.

Still one element remains missing—tax relief. For decades we had governments who felt they knew how to spend our money better than we did. The reality check of the 1990s helped bring that philosophy to an end, but while taxes have held steady over the past few years, the federal government has stopped short of putting some of that money back in the hands of the consumer.

Recently, I came across an interview with John Roth, the CEO of Nortel Networks. Mr. Roth noted that with the advent of globalisation, Canada is losing its brightest and best to other countries, specifically the United States, which is much more competitive in terms of wages and taxation. Only 7 per cent of Nortel's top executives are actually located in Canada, and Mr. Roth indicates the most common reason is "they want more take-home pay."

A big part of the problem is the difference in the U.S. and Canadian dollars, which although great for exports has also created a 47-per-cent wage differential between Canadian executives and their U.S. counterparts. Tax treatment is the other side of the coin. The U.S. has just moved its top marginal tax rate to $285,000, while in Canada, the top rate starts at $65,000 Canadian or $42,000 in U.S. dollars. That means in the U.S. you are considered wealthy at $285,000, while if you look across to Canada, you are wealthy at $42,000.

In terms of Nortel, only 28 of the company's top-400 executives remain in Canada, and Mr. Roth notes those executives who have left took their entire departments with them. An incredible loss of brain-power, tax revenue for governments and discretionary spending in the Canadian economy.

Now what Mr. Roth is talking about is two-fold. Companies need to recognise and address the wage-gap issue. But at the same time, governments need to look at the tax system in Canada, and determine if we are driving people out of this country because they can keep more of what they earn in countries like the U.S.

I am encouraged by the words of our finance minister that tax cuts are on the way in the upcoming budget. My hope is that these cuts will be meaningful, so Canadian workers have an incentive to stay in Canada and contribute to our economy.

So aside from tax relief, what else is holding us back?

A recent study by RBC Dominion Securities shows that over the past 20 years the TSE has consistently been lower, less predictable and less profitable than the S & P 500. Part of the challenge is that the TSE is subject to a resource-sensitive market that sways with the cycles of the commodities.

We also seem to be lacking a core group of price-setters—a strong collection of large-cap stocks that we can count on to perform in any environment. The U.S. has a much larger proportion of mega-stocks compared to Canada, and their proven performance has continued to drive the marketplace. As a footnote, although we have a smaller group of price-setters, Canadian markets are on the verge of a cyclical upswing. Canadian price-setters tend to perform well in an environment where there is tight capacity and strong demand, so you can expect to see domestic economic sensitive stocks, especially resource-related companies, gain ground in the months ahead.

A big part of Canada's recent under-performance relative to the U.S. can be credited to the technology craze that has been driving the NASDAQ to record levels. And maybe that's not such a bad thing because the question everyone seems to be asking is: "Are these gains in technology stocks real, and will they last?"

Well, there was an interesting article recently comparing the latest rush for Internet IPOs to the Pokemon craze among our youngsters. I'm sure by now you are all familiar with Pokemon—the "pocket monsters" from Japan that are featured in video games, television shows, collector cards and a recent movie. I know my three children have been caught up with this phenomenon, and I am amazed at the level of knowledge they have about the characters, their powers and their value in the Pokemon marketplace. Finally after watching my kids for hours engrossed in the videogame, I was confused by it all and asked them how to play. My son, obviously not interested in spending the long hours teaching his old dad the intricate workings of the game said: "Sorry dad, only kids can understand."

That's pretty much the point related to today's mania around Internet IPOs. You get the feeling that there are only a few people who really understand the game, or say that they do. But Pokemon cards have no real value. They only hold value to those playing the game.

The same might be said about the many Internet IPOs that have rocketed in price, only to come crashing down when cooler heads prevail. When you take a look at these IPOs from a value perspective, you find some seriously overpriced stocks with no underlying value to support it. That's why many of us believe today's hot Internet prospect may be tomorrow's "Tickle me Elmo." Simply an emotional mania.

There is no doubt that the Internet and the proliferation of e-commerce will be the next big things. If you look at Fortune Magazine's greatest inventions of the 20th century, you find many examples of products that revolutionised the way we live our lives and do business. From the simple paper clip and post-it note to the photocopier, fax machine and microprocessor, these innovations have left an indelible mark on how we all operate. The difference is none of these products generated the outrageous level of hype and bloated expectations that we have seen with Internet IPOs.

As a value investor, how do I deal with these issues? What I still look for are companies that are trading below their true values that will be strong performers over time.

And when you look across the board, there are many of them out there.

The key is to search for companies that contain some of the same influences that are driving these technology stocks, but where the valuations are still reasonable. For example, I don't own Nortel, one of the highest-flying stocks on the TSE, because from a value perspective it has become too expensive. I do however own Bell Canada, which has some of the same influences at play, but still trades at acceptable valuations.

I also own CMAC, a lesser known company, which designs and makes components for Nortel products. CMAC's future is influenced by many of the same drivers that influence Nortel, and yet CMAC trades at valuation levels near one-half those of Nortel.

In this environment, it is also wise to not only look at developers of technology, but at adopters of technology. It is these companies that have the greater potential to enjoy improvements in productivity. TD Bank, for example, has adopted technology in both its traditional banking and discount brokerage businesses to improve internal processes and efficiencies.

Still, when you look at the Canadian marketplace, you will find value in many more places than simply developers and adopters of technology.

This is no secret to foreign investors, who have been buying into the Canadian market at a growing rate. According to Goldman Sachs, foreign investment in Canadian shares has jumped 83 per cent in the last six years. To the end of October, foreign investors had purchased $13 billion in Canadian equities. Many of these foreign investors are seeing what we have known for quite some time—the fundamentals in Canada are very positive.

So while Canadian markets are becoming more and more attractive to foreign investors, it is somewhat puzzling to see Canadian investors doing just the opposite and going abroad with their investments.

Fully one-quarter of deposits in Canadian investment funds today are outside Canada. In 1999 alone, Canadians invested more than $5 billion in foreign RSP "clone" funds and purchased over $25 billion in foreign stocks, a staggering outflow of capital.

The reason that Canadian investors may be looking elsewhere is a natural tendency to lose sight of their long-term investment plans because of the immediacy of short-term results. And that's too bad, because it means you are falling into the trap of buying high, and selling low. For myself, I tend to fill up my tank whenever there is a price war at the gas pump. In fact, I will run home to get my wife's car to fill it as well. Too many Canadians forget that the principles you use as a wise consumer also apply to the wise investor.

The Canadian companies I see flourishing over the next several years will be the ones with a clear international strategy.

Nortel, no doubt, fits the bill as a global leader in communication and Internet technology, yet it has become an expensive stock that may be out of reach for many.

Companies like Alcan, which will be the world's second-largest producer of aluminum might lead you to believe it is part of the old economy. I say, don't be fooled. The automobile industry is moving increasingly into lighter vehicles, and aluminum engine blocks are becoming more and more commonplace. At the same time, Alcan is also a great adopter of new technology, meaning productivity is likely to soar.

I mentioned Toronto Dominion as strong on technology, but I also see a very pronounced international strategy, with moves into the discount brokerage area with TD Waterhouse, and expansions into the United States, India, Japan and Australia.

Bombardier, meanwhile has become a global leader in mass transit and the production of aircraft.

CN Rail is growing to become North America's largest railroad.

Despite all my personal efforts to boost Seagrams' stock over the years, they have expanded to become much more than just a producer of fine Canadian spirits. Today, they are one of the world's largest entertainment conglomerates, with a great strategy that combines their music production and distribution arm with growing Internet capabilities. Although some people see the Internet as a threat to the music industry, I view it as an opportunity. Now, "baby boomer" audio lovers like myself can purchase music on-line, rather than from the spiky-haired kid at the record store who has never heard of The Eagles.

Thomson Corp. has found ways to use Internet technology to leverage its traditional publishing business. This means that you can still get your legal reference material but you can also register a patent on-line through one of the Thomson-affiliated web sites. With more than 100 sites under its wing, Thomson is one of the few companies generating real revenue from the Internet.

Magna International Inc. has had its share of controversy, but it has also developed into one of the world's largest suppliers of auto parts. Magna continues to gain more share of the components that go into an automobile, while General Motors and Ford are concentrating more on marketing and distribution.

Many of these names are out of favour, and have yet to be recognised by the global market. Although some might view them as "old economy" stocks, I see them as important companies to hold because of the big role they will play in the new economy. In fact, I don't care much if a company is old economy or new economy, but more if the stock is cheap and has a good potential for growth.

The biggest selling point for Canadian stocks is that today, 80 per cent are considered cheap on a global basis, as compared to only 20 per cent of American stocks that are financially attractive.

Another positive factor is the resurgence of the global economy, and much the same as we saw in the early 1990s, we are entering another period of synchronised global economic growth.

We have seen very promising employment numbers over the past few months that are a good sign of a stronger Canadian economy. And while inflation and interest rates have been on a slight rise, these increases are not expected to stifle growth.

And although we lag the U.S. economy in terms of productivity, capital spending is also on the rise in Canada, as domestic companies embrace new technologies that will help make us more competitive.

So if you're asking the question: "Why should I invest in Canadian equity funds when they are down?" the answer lies in the question.

Just as Japanese funds and Natural Resource funds roared back in 1999 after hitting their lows in 1998, it is clear that 1998 would have been the best time to buy into those funds.

The message to you is don't miss out on what could potentially be a beneficial growth opportunity: the economy is stronger, and companies will participate in that growth. Take advantage of Canadian equities now while they're undervalued, because they certainly will go up in the longer term.

I want to close with a word of wisdom from my friends on Bay Street. It seems that two stockbrokers were having a conversation at the end of a particularly hard day. The first stockbroker says to the other: "I don't think this line of work is for you. You just keep losing money all the time."

"You're right," he replied. "My whole life all I've done is lose money."

The next day he comes to work and resigns.

His co-worker asks: "What are you going to do with your life?"

"I finally figured out how I can make some money from losing money all the time."

"How?" asks the co-worker.

"I am going to build a web page and take it public."

I want to again take this opportunity to thank President Dechert and the Board of Directors of the Empire Club for hosting this wonderful event, and to Blake Goldring for the invitation to speak to you this afternoon. It has been a great pleasure to share some of the enthusiasm I have for the future of the Canadian markets.

Thank you!

Introduction by Robert J. Dechert

Moira McLachlan is a portfolio manager and equity analyst with Mackenzie Investment Management Inc. based in Fort Lauderdale, Florida.

Moira is a key member of the Mackenzie international investment team that directs the Universal World Growth RRSP Fund, the Universal World Value Fund and the Universal World Balanced RRSP Fund.

Moira joined Mackenzie in 1995. She is a graduate of the University of South Carolina with an MBA degree. And she also earned a B.Sc. in Multinational Business Operations from Florida State University.

Ladies and gentlemen, please welcome Ms. Moira McLachlan.

Moira McLachlan

Thank you Mr. President.

Good afternoon, ladies and gentlemen. It's a pleasure to be here.

I'm going to be talking first about a number of factors we believe point to outsized returns from international markets this year. Then I'll be discussing where we see the most attractive opportunities in markets around the world for 2000.

Usually when we talk to investors in the U.S. we have to spend quite a bit of time trying to convince them to venture outside the domestic market. I'm not sure that's such an issue here in Canada. However, after a number of years in which the U.S. market has generated the highest returns with the lowest risk of any of the world's major markets, I suspect that when many investors think "International," they think "United States." With that in mind, I think it's worth addressing the reasons we are expecting the change in market leadership away from the U.S. that started in 1999 to continue this year.

There are a number of factors that highlight the attractiveness of overseas markets going into 2000.

The global economic cycle is supportive. We are looking for global growth to accelerate to around 3.9 per cent this year from an estimated 3.0 per cent in 1999. That is a big improvement from 1998, when global growth was essentially cut in half by the Asian crisis and turmoil elsewhere in the developing world.

Perhaps more importantly than the acceleration is where we expect the source of that growth to be. In almost every region of the world outside the U.S., we're looking for accelerating growth. And, we think there is the potential for upgrades to estimates for Asia, including Japan, Continental Europe and Latin America (these regions alone account for 65 per cent of world economic output).

This rebalancing of global growth away from the United States should be very healthy. The U.S. will no longer be the sole driver of the world economy. And it should also be positive for equity markets in other parts of the world as economies at an earlier stage in the profit cycle have higher operational gearing and the potential for higher profit growth.

There are also a number of structural changes taking place in markets around the world that present good opportunities. In nearly every part of the world there is a trend toward more market-oriented policies. Increased economic integration and lower government involvement are having a dramatic impact on the way business is being done around the world. As more companies are accessing global capital markets, many are placing increasing emphasis on shareholder value.

And last, but certainly not least, valuations are attractive particularly in relation to the U.S. market. Some investors might say that other markets deserve to trade at a discount to the U.S., but it hasn't always been so. European markets enjoyed a premium to the United States from 1976 to 1979, through most of the 1980s and again from 1994 to 1996. And in the early 90s, the high growth nations of Asia, namely Singapore and Hong Kong, traded at substantial premiums.

Now, for our outlook on different parts of the world, starting with Europe. After much fanfare at the beginning of last year when the Euro was introduced, the new currency depreciated quite substantially in 1999 (around 16 per cent versus the U.S. dollar). This resulted in the most competitive exchange rate European countries have had in around 25 years. As you can imagine, this provided a boost to exporters, especially toward the end of the year. For example, French exports in the third quarter were the highest they have been in 10 years.

This year we expect to see the up-tick in exports from the Eurozone that we saw at the end of last year continue with exports contributing to rising GDP and top-line growth for many industries for the first time since 1997. Exports have actually been a drag on European growth for the last two years.

In addition to a more robust export sector, we expect domestic activity to continue to show strength. A steady improvement in consumer confidence in Europe over the last couple of years has contributed to increases in retail sales, which we expect to continue.

Business confidence is more mixed. I think we need to see continued strength in consumer spending and the up-tick in exports continue before businesses get more bullish.

One factor that has been contributing to caution on the part of corporations in Europe is the increased competition and other challenges presented by European Monetary Union. The new larger European marketplace is forcing companies to take a good hard look at what it will take to thrive in the new environment. Incentives such as stock option programmes are being used with increasing frequency to align management interests with shareholders interests, which is relatively new in Europe. Managers are looking at individual business units and selling off non-core assets.

Corporations are also entering into aggressive merger and acquisition activity. Consolidation activity is taking place in virtually every industry throughout Continental Europe and the U.K. including telecoms, pharmaceuticals autos, energy, utilities, banks and insurance companies. So far the majority of the activity has been within national borders. (I'm sure many of you followed the saga of the French banks last year.) But we are starting to see cross-border deals. Vodafone's aggressive bid for Mannesmaan is just one example.

We believe that we have only just begun to see the impact of EMU (Economic and Monetary Union) on European corporate profitability. We think that cost-cutting activities in Europe will make a significant contribution to earnings growth over the next couple of years—much as it did in the U.S. during the 1990s.

We expect inflation will remain low in Europe, although there were signs of a slight up-tick in the second half of 1999. This caused jitters in the financial markets as investors began to worry about an interest rate hike from the European Central Bank in 2000. We do think it is likely that there will be an increase in rates this year; we're looking for a 50-basis-point hike between now and year-end 2000. This will increase rates from the current 3.5 per cent up to 4.0 per cent. So even after an increase, real interest rates will remain below 2.5 per cent. This should continue to provide a positive backdrop for financial markets.

Finally, in Europe we expect strong demand for equities to be driven by growth in pension fund assets. Governments and individuals are starting to focus on inability of the "Pay As You Go" pension systems to provide retirement. We expect to see rising equity ownership among individuals in Europe similar to what we've seen over the last 15 years here and in the U.S. with the growth of 401 K-type programmes.

In Asia, what a difference a year makes! The recovery in Asia has been much faster and stronger than anyone expected. We saw a strong snap back in economic activity in 1999 from very depressed levels in 1998. In less than two years, industrial production in the crisis economies in Asia are back to their pre-crisis levels.

The first leg of the recovery has been led by looser monetary conditions combined with a strong recovery in exports. We expect that the second leg of the recovery will be driven by domestic demand. Recent economic statistics indicate that domestic conditions are improving across the region. Initial reports from Hong Kong point to 10-to-30-per-cent year-on-year increases in department store sales since mid-November. A rebound in consumer confidence is absolutely critical to driving the regional recovery further.

Credit to the private sector still remains at depressed levels in the region. Banks remain wary of lending and there is still a lot of slack or excess capacity in these economies. I think many businesses are waiting for consumption to pick up before they borrow additional funds for investment.

That said, however, toward the end of 1999 we did start to see a pick-up in lending growth after sharp declines over the previous 15 months or so. This growth contributed to an annual rate of lending growth of around 6 per cent, with nearly all of the increase coming in the last quarter.

We remain cautious on Japan. There are signs that a cyclical recovery is beginning to take place, but we remain concerned about deep-rooted structural problems in the Japanese economy that could choke the recovery.

Optimism on corporate restructuring in Japan was the major impetus behind the market rise that we saw last year. There were a lot of announcements coming out about plans for restructuring and cutbacks. We haven't seen much evidence that these programmes are actually being implemented. Now, even assuming that the announced cutbacks do take place, it is difficult to ignore the impact this restructuring would have at the macroeconomic level. Mass layoffs could have a devastating impact on already fragile consumer confidence.

Unemployment for Japan is currently at 4.5 per cent; not an alarming number in and of itself, certainly, but it's the highest in the post-World War II period. Within this context it is extremely difficult to see how large cutbacks could be achieved without damaging Japan's economic outlook.

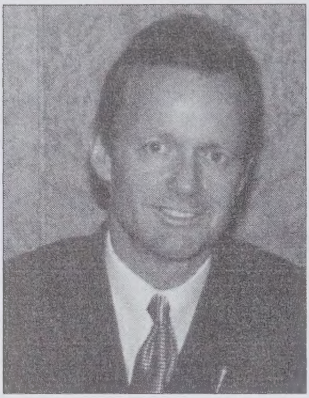
The other concern we have about Japan has to do with the yen, which strengthened substantially last year. From a Japanese perspective, continued strength in the yen really hurts the prospects for recovery. So you see the picture for Japan is quite mixed.

Now, on emerging markets. The turn in global economic cycle is positive for emerging markets. Commodity price increases are quite positive, as many emerging economies are net exporters of basic materials. And, of course, valuations are quite compelling. We particularly like South Africa, which was left behind in last year's emerging market rally.

We are also quite positive on prospects for Latin America. The region's cyclical recovery in 2000 should be relatively healthy with regional growth averaging over 3 per cent. We expect this to translate into a rebound in top-line earnings growth in the region. Bottom-line earnings growth should receive an additional boost from restructuring related gains from recently privatised companies such as the telecoms in Brazil. In addition to improving growth prospects, declining interest rates in the region should be supportive of equity markets.

To conclude, I'd just like to reiterate our view that while we think the U.S. market is likely to continue to perform reasonably well in 2000, there is mounting evidence that the U.S. bull market cannot last forever. An improving outlook for global growth, positive secular trends in many overseas markets and effective valuations lead us to believe we could be in for a period of outsized returns from foreign markets, and investors with international exposure should benefit.

The appreciation of the meeting was expressed by Blake C. Goldring, CFA, President and COO, AGF Management Limited and a Director, The Empire Club of Canada.



January 26, 2000

The Hon. Stockwell Day

Provincial Treasurer for the Province of Alberta

WALTZING INTO THE 21ST CENTURY: LET THE PROVINCES LEAD

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

Reverend Vic Reigel, Christ Church, Brampton; Kevin Warriner, Student, R.H. Academy and Secretary, Toronto District School Board Student Council; Andrew Coyne, Editorial Columnist, The National Post; Monsiour Hughes Goisbault, Consul General of France in Toronto; Professor Douglas Reid, Associate Professor, Queen's School of Business, Queen's University; Gareth S. Seltzer, Private Wealth Management Professional and a Past President, The Empire Club of Canada; and Peter Lukasiewicz, Partner, Toronto Office and Toronto Managing Partner, Gowling Strathy & Henderson.

Introduction by Robert J. Dechert

Mark Twain once said: "The difference between a taxidermist and a tax collector is that the taxidermist takes only your skin."

And Andrew Coyne's colleague Conrad Black has said: "We can't spend ourselves rich; we can't drink ourselves sober; and we will pay an unbearable price if we don't remember that the power to tax is the power to destroy."

The good news is that the chief tax collector for the Province of Alberta, Stockwell Day, understands well the sentiments of Mark Twain and Conrad Black and has made profound changes to the taxation system in his province.

The Government of Canada would do well to learn by his example.

In the past few years the forces of change in Canada have primarily been emanating from the provinces.

Even before Premier Harris's Common Sense Revolution captured the voters' imaginations here in Ontario, the government of Premier Ralph Klein of Alberta was blazing the trail of balanced budgets, lower taxes and privatisation.

The Honourable Stockwell Day is one of the chief architects of the Klein government's reforms.

Few politicians are willing to speak as honestly and frankly as Stockwell Day. He may sometimes be controversial but I can assure you he is never dull. He calls it exactly as he sees it.

But Stock Day isn't only unafraid to take controversial positions. He has proven himself willing to embrace and champion bold new ideas about government. He has been consistently willing to challenge the status quo and the paradigms of the opinion elite of the Canadian media and his challenges have been successful more often than the CBC would like to admit.

In the 1999 Alberta budget, he made Canadian history by unhooking personal provincial income taxes from federal taxes and introducing a single or "flat" tax rate of 11 per cent based on taxable income. Basic personal and spousal exemptions will increase substantially. Bracket creep will be eliminated and the new tax system will result in annual tax savings of $600 million for Albertans, with an additional 78,000 low-income Albertans being removed from the tax roles.

The Alberta budget has been balanced for each of the last five years and substantial payments have been made to reduce the province's net debt.

The market has responded to these successes and last year Standard & Poor's upgraded Alberta's credit rating to double a plus (aa+), the highest rating of any Canadian province.

Stockwell Day does not shy away from national issues. Recently, his strong leadership on Canada pension plan investment issues resulted in a significant easing of investment restraints on the CPP Investment Fund. This will allow the fund to invest in higher-return securities and ensure, we hope, that there will be sufficient assets in the fund to meet future demand. In addition, it will likely result in lower CPP contributions over time.

And just last week Stockwell Day was one of the first political leaders to speak out against the federal government's ill-conceived plan to bail out Canadian NHL teams with inflated payrolls, two of which are in his province.

It is this leadership and integrity that have won Stockwell Day the respect of millions of taxpayers across Canada even if his induction into the Hockey Hall of Fame may now be in some doubt.

His commitment to Canada is illustrated by his unflinching support for the federal United Alternative process. As you know, he will be making a keynote address at the United Alternative convention on its opening night tomorrow in Ottawa.

He has represented the people of Red Deer in the Alberta Legislative Assembly since 1986 and is currently in his fourth term. Prior to being appointed provincial Treasurer in 1997, Mr. Day served as Minister of Family and Social Services, Minister of Labour, government House Leader and Chief Government Whip.

Mr. Day graduated from high school in Montreal where he learned to speak French and later attended the University of Victoria in British Columbia.

Prior to his election in 1986, he operated an auction sales company and carried on business as a commercial interiors contractor. He also served as administrator and assistant pastor at the Bentley Christian School for seven years. He and his wife Valerie have three sons, Logan, Luke and Ben.

Ladies and gentlemen, please welcome The Honourable Stockwell Day to the podium of The Empire Club of Canada.

Stockwell Day

Thank you Bob for those overly kind remarks.

It's truly an honour for me to speak to you today. I understand there's a time restraint as there always should be when an elected person says they are going to give a short speech. It is like saying they're going to give you a temporary tax. I was giving a speech last week starting at 8:30 p.m. A full lunar eclipse was to take place at 9:00 p.m. and it was made clear to me in no uncertain terms that nobody wanted to miss the eclipse. I almost got eclipsed by the eclipse.

I'd like to share with you some thoughts relating to provinces taking the lead in terms of determining and establishing the strength of a nation. I'm one of those people who believe that strong provinces will result in a strong nation. If we look at history we can come up with some examples. Sir John A. Macdonald is recorded as actually advocating for a unitary state without the hindrance of provincial governments. He eloquently spoke of that issue in 1865 and two days later George-Étienne Cartier spoke on the other side of the issue. He maintained that local interests were of prime importance and had to be taken into consideration. A reformer of the day, George Brown, two days after Sir John A. made his remarks, very strongly endorsed provincial autonomy. As people were reflecting on the possibilities of some kind of a coming together, Francis Kelly from PEI spoke again very strongly endorsing provincial autonomy and a month or so after that John Robinson from New Brunswick said he would not want to see his province under the control of Ottawa. Some of these discussions have strangely resonating tones even today. As Sir John reviewed those many arguments he compromised his view and pulled together what is now our country. I'd like to think he came up with sort of a united alternative to the way that he thought things should go.

I maintain that because of the balance that was put in place in those days we have certain strengths in this country that would not be in place if Confederation had not happened. Some of us could argue for a little more central power and some less but I'm sure you have heard what Alberta is talking about in terms of health care. Our premier has been discussing that issue and is getting some reaction at the federal level with the federal government wanting to provide the overall fix for each province. The health-care system had its origins not as an idea of the federal government but the idea of a socialist government in Saskatchewan under Tommy Douglas. He took the idea to an election and won the election on it. He then launched another campaign to see if his citizens would embrace it and it was quite a debate in that province in the early 1960s. There was a doctor's strike. The Liberals opposed it; just an historic note that might be of interest to some. What began in one province was then followed by other provinces and eventually in the early 1980s the federal government came out with the Canada Health Act enshrining some of the ideas proposed by Tommy Douglas. Before that provinces began to sell out some of their jurisdiction in health care to the federal government, creating a problem in 1994 when the federal government drastically reduced funding after provinces were accustomed to a certain flow of cash from Ottawa for health care. I would like to suggest that just as the health plan which is embraced by Canadians today emerged from a province, and then other provinces, the solutions to fix the plan are going to come from provinces and not from the federal government.

Across Canada the costs in health care are ratcheting upwards at an alarming rate. Some provinces have "restructured." Some have "downsized." In every province you see the costs of health care increasing in provincial and federal budgets. In 1981, the percentage share of the budget relating to health care in Alberta was about 21 per cent. By 1990 that had moved to 24 per cent. This year when we table our budget just over 30 per cent of the budget in Alberta will be committed to health care.

We are beginning to take an honest question to our constituents and that is: "What other services should we no longer fund in order to commit more funds to health care?" We need to find solutions for those increasing pressures. Our Premier Ralph Klein has gone where no one has dared to go before on this particular issue and he is suggesting that enhancing, or at least exploring to a greater degree, the delivery of services through private entities at no cost to the consumer, is something that is worth considering. That has taken some courage. When an elected person starts talking about that he is immediately accused of promoting U.S. two-tiered health care.

I'm not sure what that is but that is the accusation. However, I'm encouraged by the fact that our premier and others are able now to talk about that and still survive. If you had talked about those issues 10 years ago you would have been hanged in a public square. Now when you talk about it you're only hanged in effigy.

I maintain that the solutions will come from the provinces. You can look at other policy issues in provinces to see that solutions have been found. My view is that any time you have a monopolistic situation, be it government or the market, you are going to create inefficiencies. You are going to create obstacles. You are going to see lost opportunities. You will see the same lack of innovative approaches if we don't let provinces move ahead in innovative ways in terms of health care while still maintaining the benefits and the principles of the Canada Health Act itself.

In the area of education, in Alberta we have promoted, and again at some political risk, the idea of charter schools. In a particular jurisdiction under the public umbrella, parents can decide among themselves that a school should have a certain emphasis, take out a charter for that school and start to introduce some diversity into the education system. That's a province moving ahead and taking some initiative. Other provinces are able to watch and possibly follow.

Social services is an area of provincial jurisdiction. In Alberta we have gained from the mistakes and the successes that we have made and those that others have made. If I can gently point towards Ontario in the mid- to late eighties this province was in a wonderful time of economic boom. The economy was red hot. The economy was robust. Things were great and the government of the day made a decision that it could now afford to greatly enhance the benefits that were being paid out to those who were asking for those benefits. We saw a basic rule of social science come into play. Whenever you increase benefits you will in fact increase the number of those coming into the system. I say that being sensitive to the fact that any caring society should clearly and absolutely support those who are not able to support themselves. How you do that is going to determine whether you will be able to afford to continue that programme. We saw from the Ontario experience in a robust economy its social services roles radically increased to the point where you had some real difficulties even after a change of government. We learn from these things.

The federal government should not tell a province it can or cannot do something in an area of provincial jurisdiction and yet that has happened. In the area of social services not too long ago the Province of British Columbia made a policy decision that those coming to their province would have to wait three months before they could qualify for social service benefits. Alberta may or may not agree with that particular stance but a province should have the ability to have a programme or policy that is different from others. At the very least we learn from our mistakes. The federal government moved quickly to penalise and to fine BC for having that type of policy initiative. This was a case where diversity was being squelched in an area that should have been allowed to proceed so that we could see what the long-term effects would be.

We have a Canada Pension Plan and I want to state for concerned people, especially those who are present recipients and beneficiaries of that Plan, that the Plan is actuarially sound. That was addressed a couple of years ago when it was agreed that the contribution rates would move up significantly. The Plan is sound but there will not be as much there when you come to retire as there could be. We believe from the Alberta perspective that things could be done to the Plan which would enhance the benefits. In Alberta we brought in actuarial experts and did a lot of study on the Plan from the point of view of asking the question: “Is it possible for Alberta to move out of the Plan and take on all the incumbent liability that goes with that and in fact develop its own pension plan?” Quebec was the only government back in 1966 that made that choice. I now think it can congratulate itself as having the wisdom to stay out and develop its own Plan. In the exploration of what could be done to make a better Plan for Alberta we realised the entire Plan would benefit if we did certain things. We put those suggestions on the table very recently with officials from right across the country including officials from the federal government. We have a commitment that these officials will work on these ideas and then report back. We’ll see if there’s any willingness by the other provinces to move along with these changes and hence benefit all Canadians and at that time we’ll make a determination if we should continue the work of looking at an Alberta-based plan ourselves. We don’t say that in any threatening way but it is another case where a province has the ability to do something different and do it in a way that can benefit other provinces. We learn from the mistakes and the successes that we make.

In the area of taxation, we’ve done some things that are different and we think will be beneficial to Alberta. We understand other provinces are looking at us. We may make some mistakes along the way as we pursue these particular opportunities but if we do it it means that other provinces will be spared the same mistakes.

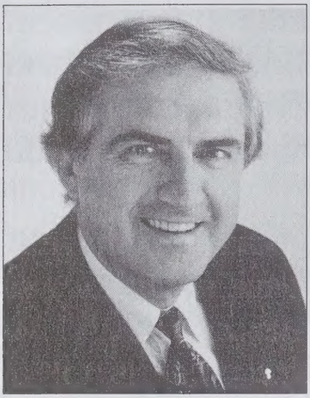
I congratulate this province and your premier for being very aggressive on the tax side. Before making bold moves to reduce taxes he was informed by officials at the federal level that there was no way he could do that. I understand he reduced them some 30 per cent in his first term and is following up with a commitment to reduce taxes by another 20 per cent. When a jurisdiction reduces taxes its economy becomes more robust and vigorous. You can see in Ontario and in Alberta that when taxes were radically reduced things began to happen. When the jurisdiction of Puerto Rico radically reduced their taxes, one year later 50 per cent more people filed tax returns. When people have the sense that the tax system is fair the underground economy begins to surface and there's another source of revenue for revenue-hungry politicians.

We analysed the tax system as it was and we came to some decisions. People had complained for a number of years about something called bracket creep—the effect of governments not indexing basic exemptions to inflation—and we have all experienced an erosion in our buying power because of that. I was going to call it an anomaly, but it was something that was done deliberately. We looked at the problem of bracket creep and decided to fix it. Who are the creeps? We looked in the mirror and we realised it was us. When we unhook our tax system next year officially and completely from the federal basic system, we will have eliminated bracket creep. We will significantly raise the basic exemption levels for all working citizens from $7,131 to just over $11,000. That means we can all, especially low-income people, earn more money before being punished for being educated, innovative and hard-working. That will be a great boost forward especially for those on the low-income side. We have removed ourselves from the public debate on taxation related to one-income families and two-income families. That is a decision that should be left up to families. Government shouldn't reward or punish people for that decision. We are significantly increasing the spousal exemption so that it will match the basic exemption. The part that really excites me is the single rate of tax. It is not a completely flat tax because as I've said in raising the basic exemption levels there is progressivity at the lower end. But after you have worked through that lower income echelon then everybody in Alberta will be paying a single rate of 11 per cent. We are excited about that and so are Albertans. It simplifies the whole process.

We had some other options. The federal government was considering a very simplified option. We understand it may even still have it on the table where the entire tax reform is just reduced to two lines. How much did you make? Send it all in.

I believe that today as we look for ways to bring our country together and see it strong more and more people are realising that among Canadians there's a great reservoir of common sense resident in our hearts and minds. And for the common-sense voters who go to the polls at the federal level there have been an array of choices. Some of us feel strongly that if we can pool the resources represented by those choices we may in fact see a different framework at the federal level. We are putting our hearts and minds together to see that happen. It was said that the last century belonged to Canada. I think this century also does and it will be because of the diversity and strength of its provinces. Thank you very much for your attention today.

The appreciation of the meeting was expressed by Gareth S. Seltzer, Private Wealth Management Professional and a Past President, The Empire Club of Canada.



February 4, 2000

The Hon. Roy Romanow

Premier of Saskatchewan

PRAIRIE AGRICULTURE: AN IMPORTANT PART OF CANADA'S FUTURE

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

Thomas L. Wells, President, TLW Consulting, Former Minister of Inter-Governmental Affairs and a Director, The Empire Club of Canada; The Reverend Kim Beard, Rector, Christ Church, Brampton and a Director, The Empire Club of Canada; Dane Liu, President, TDSB Student Council and Senior Student, Northern Secondary School; Terry Scott, Deputy Minister of Agriculture and Food, Province of Saskatchewan; Lillian Morganthau, President, CARP (Canadian Association for the 50 plus); The Hon. R. Roy McMurtry, Q.C., Chief Justice of Ontario and Former Attorney General, Province of Ontario; John A. Campion, Partner, Fasken Campbell Godfrey and a Past President, The Empire Club of Canada; Catherine Steele, Vice-President (Toronto) and Partner, GGA Communications and Third Vice-President, The Empire Club of Canada; Major The Hon. Mr. Joseph H. Potts, C.D., Superior Court of Justice, Ontario and a Past President, The Empire Club of Canada; The Hon. Gregory Marchildon, Deputy Minister to the Premier, Province of

Saskatchewan; Pamela Wallin, President, Pamela Wallin Productions Inc.; and Ray Mowling, President, Monsanto Canada.

Introduction by Robert J. Dechert

In 1899 it was said of Canada that her population is about five million souls and her valley of the Saskatchewan alone, it has been scientifically computed, will support 800 million. In losing the United States, Britain lost the smaller half of her American possessions.

The grain farms of Saskatchewan have been feeding the people of Canada and the world since their settlement in the nineteenth century. The wide expanse of the Saskatchewan prairies are among the most abiding images of Canada and have had, and continue to have, a profound impact on our national identity even for those of us who rarely have the privilege of visiting them. However, despite the importance of prairie agriculture to this country, our grain farmers today find themselves in an income crisis of epic proportions. But as bleak as this sounds the prairie farmer has a secret weapon and his name is Roy Romanow.

Premier Romanow was born, raised and educated in Saskatoon. He graduated from the University of Saskatchewan where he earned his arts and law degrees.

He was first elected to the Saskatchewan legislature in 1967 and has been re-elected six times. Between 1971 and 1982 Premier Romanow served as Deputy Premier and Attorney General of Saskatchewan. In 1979 Premier Romanow was appointed Saskatchewan's first Minister of Intergovernmental Affairs and it was in this capacity that he first burst upon the national political stage.

Premier Romanow along with our special guest The Honourable Chief Justice made history one night in a famous kitchen which resulted in the Constitutional Accord of November 1981 and the repatriation of our national Constitution in 1982.

On November 7, 1987, Mr. Romanow was acclaimed leader of the Saskatchewan New Democratic Party to succeed Alan Blakeney and in October of 1991 Mr. Romanow led the Saskatchewan New Democratic Party to a majority government and assumed the duties of premier on November 1 of that year.

During its second term Premier Romanow's government introduced several fiscal economic and social reforms including the Building Independence Strategy to help move families off social assistance, a number of enhancements to the provincial health-care system, the continued development of key economic sectors and the tabling of Saskatchewan's sixth consecutive balanced budget.

Mr. Romanow's New Democrat Party government was re-elected on September 16, 1999 and if the front page of today's National Post is any indication Premier Romanow's appeal extends far beyond the farming community. Ladies and gentlemen, please welcome The Honourable Roy Romanow to the podium of The Empire Club of Canada.

Roy Romanow

I'm not going to touch any part of the introduction at all except to say thank you very much Mr. President for its kindness and say that it certainly was much better than one I received in Saskatchewan recently.

I was at a rural farm meeting, a political farm meeting, and we are going through interesting times out there. The Chair was a crusty old farmer who got up and said: "I want to introduce to you our Premier Roy Romanow. He's like a Texas longhorn." I thought to myself: "That's not bad. A majestic animal." And then he went on to say: "Just like a Texas longhorn. He makes a point here and a point there with a lot of bull in between."

Everybody knows that in show business there is an old saying that says that it is a hard act to follow. And I know what that means in appearing before you today. The Empire Club podium has been graced I'm told by more than 2,500 speakers. By prime ministers of this country and others, by presidents, by leaders in the arts, religion, the military, business and culture. Many many hard acts to follow. The prospect of joining such an illustrious group of speakers is somewhat daunting and I had a few moments of concern. Luckily I asked my wife Eleanor for advice. I said: "What do I do in this kind of environment?" She said: "Roy don't try to be too funny, too smart, too charming, or too witty. Just be yourself." So with that sound advice here I am. But I'm deeply honoured to have the opportunity and the privilege to join such distinguished company and to contribute to the exchange of ideas in this important national forum.

As all of you will know I have just returned from a few days of meetings with fellow premiers in Quebec City. We discussed a number of issues. I'd like to talk about health care and tax breaks but on another occasion perhaps. One of the greatest of the issues of importance to my province is the continuing and growing crisis in agriculture and agricultural income. For months the people of Saskatchewan and Manitoba have been speaking with one voice to our friends and neighbours across the country. We've been asking our friends and neighbours and our fellow governments to show strength, compassion and common sense economically (I'll say a word about that in a moment) in dealing with this very important matter. I want to make it clear. We are not asking for a handout. I want to repeat that. We are not asking for a handout. We're asking for fair and equitable treatment in a very unfair and inequitable economic environment. We're saying to Ottawa and to Canadians everywhere from coast to coast to coast, prairie farmers need your support and merit your support because farming has played an important part in Canada's history and will continue to play an even greater part in Canada's social and economic future.

From 1993 to 1997 Saskatchewan's average realised yearly net farm income was about $740 million. In 1998 it declined to $531 million. And in 1999 it's forecast to be about $95 million. That's only 15 per cent of the five-year average. That's the economic cost—the cost that is felt in our cities and our towns throughout our province—but there's also a huge human cost. Farm families who have been on the land before Saskatchewan or even the Empire Club existed see no alternative but to sell out with all of the attendant consequences of personal and family stress and emotional breakdown. A heartbreaking story.

It would be one thing if the blame for this downturn could be laid logically and realistically at the farm gate at the feet of the farmers who till the land. But the plain simple fact is that Saskatchewan and Western Canadian farmers are constantly innovative, immensely resourceful, and work as hard as anybody anywhere on earth. And their productivity gains have been staggering. The increasing level of production from our land base demonstrates clearly that Saskatchewan farmers are world class. I want to make the point this way. Grain production has increased from five bushels an acre to 25 bushels an acre, a productivity factor increase of five, despite a relatively constant land base. Friends, this crisis in agriculture incomes is not the fault of those innovative hardworking farmers.

Nor is it due to the inaction of Saskatchewan taxpayers. At home we provide $300 per capita to farmers and agricultural programmes out of our tax dollars, the largest support of any province in the Federation and much greater than any support from Ottawa to Saskatchewan farming folks.

We'll put up our farmers against the world anytime and win in any fair and equitable competition but the competition is not fair; the competition is not equitable. You can see this very graphically in the OECD's analysis of grain subsidies. In 1998 European wheat farmers were subsidised US$141 per ton. American farmers were subsidised US$61 per ton. For Canada the subsidy was US$8 per ton. Put another way wheat and barley producers in Saskatchewan alone would have to get $1 billion extra from the federal government just to match the U.S. subsidies that their counterparts in North Dakota and Montana get from their national government in Washington DC. That in a nutshell is why the Prairie Farm Income Coalition right across the West asked for a billion dollars trade equalisation payment to level the playing field until the United States and the European Community agree to end this madness of subsidies. Our grain and oil seeds farmers can't compete when their competitors start the race so far ahead.

Now it is often said that before it can be solved the problem must be clearly stated and defined. Well the problem is international subsidies which drive down the price of grain crops and in the long term the solution is to work with the international community to put an end to subsidies so that we can truly realise the efficiencies of the global marketplace. The marketplace is where the farmers want to earn their money.

But these international trade negotiations can only be undertaken if the national government assumes its national and constitutional responsibility. How could it be otherwise in any federation in the world? But in the short term until those unfair and trade-distorting subsidies are negotiated away or at least mitigated, a million plus people in Saskatchewan and a million plus people in Manitoba simply cannot win any spending contest against 300 million Americans and 370 million Europeans.

There's another element to consider as well—the concept of what Canada is and how we define ourselves as a nation. As the singer Murray McLaughlin says: "Canada is a territory of the heart." I love those words. A territory of the heart. And by that I think he means that we have learned through shared experience that sometimes we can accomplish more by working together than we can on our own. Over more than 130 years together as a nation we have always depended upon each other to build our communities and our regions and to establish in this great place called Canada a quality of life which is second to none in the world. Sure we have our problems but still it's quite a record. We built this nation on the principle that a shared burden is a lighter burden. And when something happens to our neighbours and friends like the ice storm that devastated parts of Central Canada a few years ago the rest of us pitched in and helped out. Whether that meant Saskatchewan power workers coming to Ontario to fix power lines with generators as they did or the federal government investing Canadian taxpayers' resources into rebuilding a shattered economy as it did, it was done.

That's how we see it in Saskatchewan. The crisis that we face now is our ice storm. It is a cruel cold hand that has flattened much of our farm economy and we couldn't do and can't do anything about it. Just as the people of Central Canada struggled against the devastation of ice and snow our Canadian grain farmers are now struggling against the devastation of unfair, even predatory, competition backed by the treasuries of the world's most powerful nations. Now we are asking our neighbours and our friends, our fellow Canadians, to help us dig out from under our storm; to help thousands of families and farmers avoid devastation so we can keep doing our part for the Canadian people and the Canadian economy and so we can keep working together towards a brighter future for this country in the twenty-first century.

But of all the reasons for reaching out to get our prairie grain farmers through this cash crisis perhaps the least understood is the economic argument. Simply put, agriculture has played and will continue to play a vital role in our economy. The Empire Club has heard from Bill Gates and next week I'm told Carole Stephenson will be here from Lucent to tell you about the exciting possibilities of the communications revolution and we welcome it. I welcome that revolution and even Saskatchewan has got a world class communications network and a growing infotech industry. But turning our eyes to these exciting new visions that Gates and Stephenson will talk about should not blind us to the opportunities and the advantages that we already hold.

A few months ago John K. Carrington, the Chief Executive Operating Officer of Barrick Gold, talked to the Empire Club about the need for a policy environment that would promote growth in the mining industry. He believed that mining has been an important part in our economic development so far and he argued that it can continue to be an important part of our economic future with the proper support. Well, if that's true of mining and I believe that it is then it is certainly true of agriculture.

I want to cite another speaker who told the Empire Club about the exciting opportunities present in modernised farming. That speaker was The Honourable John S. Martin. Most of you may not know of Martin, the Ontario Minister of Agriculture, who spoke to the Empire Club almost exactly 76 years ago in 1924. And I also want to repeat what Tom Kent, a key policy advisor in the Pearson and Trudeau governments, had to say about the state of prairie agriculture in the 1950s after the Great Depression. This is what Kent says in his biography: "In the early post-war years, world markets for grain were strong. The farmers came to a prosperity that few had known before." And he said this: "Those city prejudices often created a contrary assumption. It was a prosperity earned by unsubsidised production. Canadian grain farmers did not receive the supports that were and are commonly given to other industrialised countries; in particular they did not receive the support of the U.S. Treasury and other countries." Well my point is the same as The Honourable John Martin's and Tom Kent's. Agriculture will continue to be a growth industry in this country as they predicted 76 years ago and in the 1950s as long as we do not allow it to be strangled in the months ahead.

A moment ago I mentioned Murray McLaughlin and I wonder how many Canadians, when they think about farmers at all, think of McLaughlin's other description of farmers—"dusty old farmer, out working his field, hanging down over his tractor wheel." Well the modern Saskatchewan farmer wouldn't recognise that picture and you wouldn't either. Chances are he is not getting dusty and he is not hanging down over his old tractor wheel. He's riding in his mechanised $250,000-mortgaged combine gathering up as much grain as 20 farmers did just a few generations ago on a farm that is a streamlined, capital intensive, modern business operation and leveraged in the same way that other businesses are. These days some farmers use GPS global positioning satellites to more accurately apply fertilisers and chemicals and to watch their crops. They use computers and the Internet to manage the business and to monitor grain markets and prices around the world hourly. They're participating in the cutting-edge science being done at Innovation Place. I refer to Monsanto—our ag-biotech centre at the University of Saskatchewan. We have researchers and biotech companies working on new ways to enhance yields and to make better use of the crops we grow so well and then selling that knowledge and those products for hundreds of millions of dollars each year.

Just as importantly though Canadian prairie farms are poised to take advantage of the world's growth. Population is growing by 1.3 per cent per year, about 80 million people a year. That obviously means more demand for food. And Saskatchewan is good at producing top-quality yet inexpensive food not only for this country but for the world. That means growth; that means opportunity. Not only is the population growing, it is getting relatively more wealthy and that also means increased consumption of grains, oil seeds and live-stock products. And at the same time the population is growing, the amount of crop land in the world is shrinking. Urban industrial growth is encroaching. Soil salinity is rising on irrigated land which accounts for some 40 per cent of the world's food crops. As for subsidies I predict they too are going to have to decline. The economies in some of our competing countries are realising the enormous costs of the heavy subsidies that they're paying and there will be domestic and internal pressure for this to be lessened and for there to be a return to fair trade.

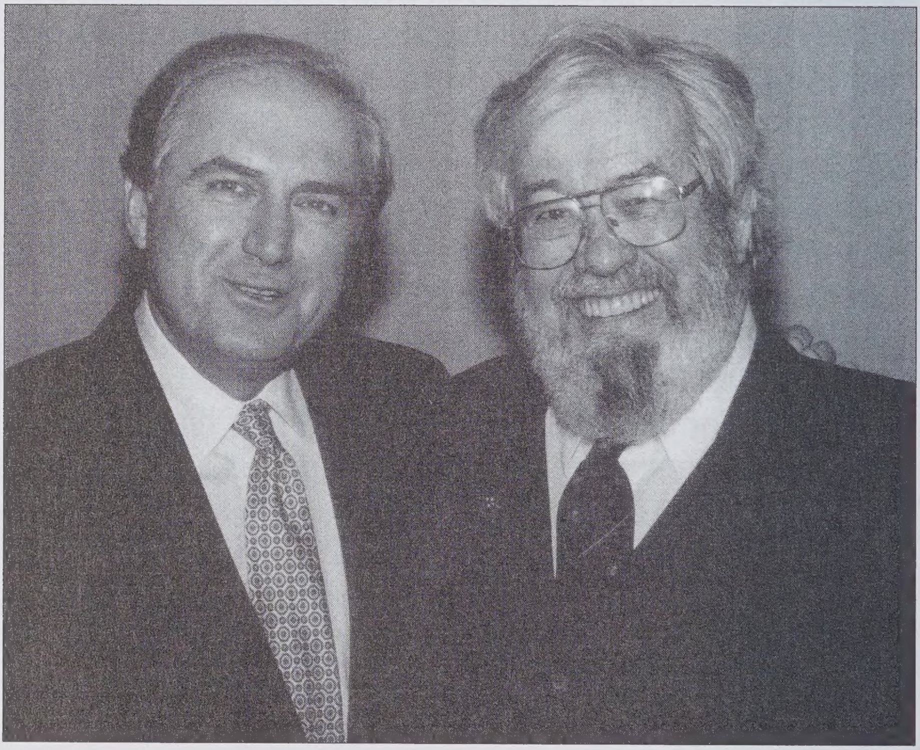
So let me summarise. Demand will rise as population grows and incomes rise globally. The growth in supply will be limited by a shrinking farmland base. This rising demand combined with declining supply can only mean higher prices in the medium and long term. And our farmers are modern-day businesses looking to the future.

Saskatchewan, Manitoba, the West have enormous advantages to take advantage of the situation. We have the best dryland farmers and an infrastructure which is proven to be efficient and productive. Since 1991 crops other than spring wheat have grown from 44 per cent to 73 per cent. Today back home farmers grow over 50 different crops—soy beans, lentils, mustard, you name it. Specialty crops represent over 30 per cent of the growth so they have diversified. Organic industry, about 25 per cent. Add it all up and you can see, I hope, that agriculture is not a declining industry. On the contrary it'll be a real growth business in our economic future. All we have to do is get through this current storm and we know that the sun will rise on a bright and prosperous future for Canada, for Saskatchewan and for our farm families.

Well friends I once ended a speech by saying: "To make a long story short..." and somebody from the back of the hall said: "Too late for that Roy." And maybe that's the case here but just very very briefly let me close by saying thank you all for coming here and a special thanks for the honour of speaking to the Empire Club. I believe this Club was founded in 1903 two years before my home province joined the Confederation. I know that as we approach our centennials both the Empire Club and Saskatchewan can look back on our histories with pride and forward to our futures with optimism and confidence. I truly believe that once the people of this part of the world and the people across our nation understand the case that we're trying to make—a case for fairness, for equitable treatment, a case for neighbours working together as Canadians always have, with a bright economic future—I'm convinced that indeed that future will be bright. Not just for our farmers, not just for our province or our region, but a bright and marvellous future for all Canadians and for Canada. We ask nothing more than the opportunity to contribute to it and to be a part of that bright future as we have been in the past.

Thank you all for listening. Good luck and God bless you all.

The appreciation of the meeting was expressed by John A. Campion, Partner, Fasken Campbell Godfrey and a Past President, The Empire Club of Canada.



The Hon. Roy Romanow, Q.C., Premier of Saskatchewan and Major The Hon. Mr. Justice Joseph H. Potts, C.D., Superior Court of Justice, Ontario and Past President, The Empire Club of Canada.

February 10, 2000

Carol Stephenson

President and CEO, Lucent Technologies Canada Corp.

ALL THE THINGS YOU WANT TO KNOW ABOUT THE COMMUNICATIONS REVOLUTION

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

Edward P. Badovinac, CET, KH, Chairman, The Empire Club of Canada Yearbook and a Director, The Empire Club of Canada; The Reverend Philip Bristow, St. Philips-on-the-Hill Anglican Church, Unionville; Abukar Hasan Vice-President, Toronto and District School Board Student Council and Senior Student, Eastern High School of Commerce; Ellen Roseman, Columnist, The Toronto Star; Gaylen Duncan, President, Information Technology Association of Canada; Jocelyne Côté-O'Hara, Principal, C_2O & Company and a Director, The Empire Club of Canada; George Jewell, President and CEO, Toronto.com; Dr. Claude Lajeunesse, President and Vice-Chancellor, Ryerson Polytechnic University; and Larry Hudson, President, Network Operations and IT, AT&T Canada.

Introduction by Robert J. Dechert

The speed and capacity of communications are expanding at the speed of light. And the rapid convergence of voice and data transmission over wire, fibre, Internet and wireless networks is driving changes that can only be described as revolutionary.

In 1999, more than 2.7 trillion e-mail messages were sent worldwide, over 70 million new voice mail boxes were added and 30 million new wired telephone lines were installed.

Lucent Technologies is one of the world leaders of this revolution.

Lucent Technologies evolved out of the restructuring of AT&T in 1996. It combines the system and technology units that were formerly part of AT&T with the research and development capabilities of Bell Laboratories.

The company currently employs approximately 150,000 people worldwide and has offices in more than 90 countries.

It designs, builds and delivers a wide range of public and private networks, communications systems and software, data networking systems, business telephone systems and microelectronics components.

In 1998, Lucent had revenues of US$30.1 billion. In Canada, Lucent employs over 780 people with offices in Vancouver, Edmonton, Calgary, Winnipeg, Toronto, Ottawa and Montreal.

Carol Stephenson joined Lucent Technologies Canada as President and Chief Executive Officer in July of 1999. Ms. Stephenson's expertise spans marketing, operations, strategic planning, technology development and financial management.

She previously served as President and Chief Operating Officer of BCE Media Inc. Prior to that, Ms. Stephenson was President and CEO of Stentor Resource Centre Inc., where she led the National Marketing and Technology Development Centre for Canada's nine telecommunications companies. She began her career at Bell Canada in 1973 and became Vice-President in 1988.

Ms. Stephenson was named "Woman of the Year" in 1995 by the Canadian women in telecommunications and "1998 Woman of Distinction" by wired women.

She is Past Chair of the Board of Directors of the Information Technology Association of Canada and she is currently the Chair of the Board for Telecommunications Management at the University of Southern California. She is also a Director for the Queen's University School of Business Advisory Board and a Director of the Women's College Hospital Foundation Board.

Ladies and gentlemen, please welcome Ms. Carol Stephenson to the podium of The Empire Club of Canada.

Carol Stephenson

Good afternoon. I'm delighted to be here to tell you about what's happening in the world of communications.

Since you arrived here for this Empire Club luncheon talk, our planet's been a busy place for communications activities. What's happened around the world during the past hour?

- 300 million e-mail messages were sent. Some of you may have even received a few in your mailbox.
- 4,500 kilometres of fibre optic cable were installed.
- 20,000 people signed up for digital, wireless service.
- North American Web shoppers spent $20 million for on-line purchases.

All these developments are part of the communications revolution that's well underway. Ten years ago the Internet was a scientific curiosity. Now it's part of everyone's life. Cell phones have become almost as common as digital watches and nearly as small. The share prices of any company with dot.com in its name have rocketed into the stratosphere, (even though most aren't profitable).

Not only is technology profoundly impacting our lives, it is altering the fundamental business models and value perceptions upon which we have based our lives. Indeed, the changes have come fast and they continue to advance, not in dog-years, but in web time.

Much has happened. Not just in the past hour, but in the past several years. And some days when we're tracking down a book on the Internet or using our cell phone to chat with a friend on her cell phone, it does feel like a new world has come upon us. And this perception is confirmed by the media, which every day turns out articles that tell us that the technology revolution has already happened, and unless we get with it, we'll be left out.

Life seems so radically different, and—to many people—confusing. As Alice in Wonderland might have put it: "It all seems curiouser and curiouser!"

The truth is that the communications revolution has only just begun. I'm not sure whether that's comforting or daunting, considering the changes that have already taken place. But it's true. And my message for you today is this: the developments of the past 10 years—as significant as they are—are only the prelude to the dramatic changes in communications that will reshape our lives in the decade to come.

I'll first tell you about some of the things you'll be able to do as a result of the communications revolution. And then I'll look at the technology that will make these developments possible. Naturally, I'll draw upon my experience with Lucent Technologies, the world's leading supplier of communications equipment and technology.

The Things We'll Be Able to Do

Let's begin with the things we'll be able to do. In our business we call these "applications." On-line purchasing will soar during the next 10 years. Like so many other aspects of the Net, this important trend is in its infancy. It's true that in the U.S. consumer spending on the Net doubled from 1998 to 1999. But even in 1999 the dollars spent for on-line purchases amounted to less than half of one per cent of all U.S. retail sales.

In the years ahead, on-line sales will rise sharply and we'll see new buying habits. Here are some of them.

- Sometime during the next decade we'll stop making trips to the video store. We'll simply rent movies on-line. We'll select the films that interest us, and download them in a matter of moments.
- We'll also stop going to stores to buy our CDs. It's much easier to transmit the music digitally to your home, where it can be stored on a card or disk. This change is already underway with the MP3

files now available on the Internet. The challenge for the music business will be to take charge of this process and to make it profitable.

- Another growth area is on-line food shopping. By the end of this decade—or sooner—most of us will buy our groceries on-line. Once Web vendors convince us—as they will—that the process is easy, and that they provide quality, choice, and competitive prices, we'll change our habits. After all, who wants to lug bags of groceries in the cold?
- Indeed, shopping for anything on-line will be far more attractive than today. Instead of still pictures that are slow to load, we'll have informative videos about the appliances, cars, or computers that interest us. With Voice over Internet we'll be able to ask questions while we browse the catalogue.

These are a few examples of what is commonly referred to as e-commerce, specifically business to consumer.

But e-commerce is also comprised of business-to-business transactions. For the next two to four years, business to business will outpace business to consumer by a factor of 10 in terms of infrastructure investment and operations expenditure. The bricks-and-mortar business model is rapidly giving way to Bricks and Clicks.

But e-commerce is not the only area of our lives that will be transformed by the communications revolution.

Medical records, including X-rays, cat-scans, and all tests will be fully digitised. That advance will make consultations with specialists in distant cities commonplace. Remote communities will have access to high levels of expertise. Digitised records will also allow medical analysts to collect real-time data—tracking the spread of diseases or assessing the success of different treatments.

Education is being transformed, with more and more interactive, on-line learning.

Mobile computing will provide the same high-speed connections we will have in our offices. The computer in your car will display traffic patterns and update you on the best route home. For that matter, expect more "smart highways" in the next 10 years.

This will be quite a wonderful, if topsy-turvey world. It will be a world with smart highways that drive your car; with computers that talk; with phones that think; with homes that welcome you when you arrive; with movies that come to you; with bankers who make electronic house calls; and with doctors that don't have to see you.

Our Bell Labs experts at Lucent predict that by the year 2025, the entire world will be encased in a communications skin. This skin, fed by a constant stream of information, will grow larger and more useful. This skin will consist of millions of electronic measuring devices—thermostats, pressure gauges, pollution detectors, cameras, microphones. All of these will transmit data directly into the network, just as our skin transmits a constant stream of sensory data to our brains.

Such systems might be used for anything from constantly monitoring the traffic on a local road, water level in a river, or the supply of food in a refrigerator. For example, your refrigerator will let your on-line shopping system know what to order to replenish supplies. Or your dishwasher will call its manufacturer when it's malfunctioning and remote diagnostics are run.

This is the world we'll live in during the next decades. The advances I've described will make our lives easier. And they'll be dependent on the completion of a true broadband network that ties together businesses, homes, and a variety of other users.

Building a Broadband Infrastructure

And that brings me to the second part of my talk—the remarkable advances in infrastructure that we must, and will, achieve during the next 10 years to make the world I've described a reality.

Today only 5 per cent of users have high speed access to the Net. In 10 years, the majority will, and they'll be connected at much greater speeds. Even the seemingly fast one-meg phone or cable modems we have today will appear painfully slow in the future.

Firms like Lucent Technologies that are constructing this new world will have four areas of challenge in the development of this infrastructure. I'll tell you about them. But since all these advances require broadband transmission, I'll start by defining what that means.

To explain broadband, I'll rely on a familiar analogy: the highway. All bits of data move at the same speed—the speed of light. So imagine a highway system where every car moves at the same speed. And imagine as well that each car brings you one page from a 12-page article and those vehicles arrive a minute apart.

So if you have a one-lane highway, the complete article won't arrive for 12 minutes. With a six-lane highway, that document arrives in only two minutes. Now real broadband would be a 12-lane highway. All the cars still travel at the same speed. But the complete document turns up as soon as the first car arrives, one minute after it leaves.

Building that 12-lane broadband network is the challenge that lies before us. It focuses much of our activity at Lucent Technologies. And it requires progress on several fronts. Let's look at four key areas where Lucent and other firms are directing their energies.

First, we have to create and improve our fibre optic network. How important are fibre optics? Right now a cable with these glass filaments is many times more cost-effective than a copper cable. And that gap will widen.

I'd like to suggest the power of fibre optics. The typical fibre optic cable is about the size of a garden hose. It has a strong covering because it's usually buried underground or placed on the ocean floor.

Each of these cables has 144 strands of glass wrapped together. And each of those strands is about the thickness of a human hair.

Let's talk about one of those stands. We send 40 different colours of light over that strand. And each of those colours, or wavelengths, carries a considerable amount of information. Each colour can handle about 125,000 voice calls. So the hair-thin strand of glass fibre can handle five million simultaneous calls.

And the whole cable, which has 144 of those strands, can transmit the equivalent of 720 million calls at any one moment. That's a lot of talk. But of course if you're transmitting the contents of a CD or a movie you'll take up more space than an individual phone call. And when you're sending many of these items, and you want them to arrive very quickly, you begin to appreciate the capacity.

Building a fibre optic network is, in part, the challenge of putting these glass cables in place. But it's also a question of improving the technology so that more information can be transmitted over the same strands. At Lucent we're working hard on that problem. The 720 million calls a cable can now carry represent a five-fold increase over the capacity realisable just a year ago. Recently, we demonstrated that we could send 1,000 wavelengths (not 40) over a single strand. We have proven Terabit transmission (or a trillion bits per second). That's 500,000 movies over one fibre.

On average the amount of data any fibre optic cable can transmit has doubled every nine months. And we're determined to keep up that pace.

A second area where Lucent and other companies are working hard to create a broadband network is in the development of routers. If the fibre optic cables are like a multilane highway, then the routers are the traffic circles that allow cars to leave that highway and choose another route.

When someone in your Paris, France office sends you a Quick Time video about a new product, that message carries with it a code about its destination. The message has to leap from one cable to the next until it reaches your office. The routers are where those transfers are made.

Traditionally routers have been the bottlenecks in the fibre optics system. The light had to be changed into electrical impulses, switched to its new pathway, and changed back to light again. Those older routers are clunky affairs—some as big as buses. And they slow the flow of data.

Last year Lucent introduced the world's first high-capacity, all-optical router, a technology that was developed by Lucent's Bell Labs. All-optical routers are remarkable devices that use 256 tiny mirrors to direct and route optical signals from fibre to fibre in the network, without first converting them to electrical form as done today. When widely installed they will direct network traffic 16 times faster than electrical switches. We believe optics will be to the 21st century what electricity was to the 20th century.

There's a third area we're tackling to build a true broadband network—and that's uniting the voice and data networks. Today two worldwide parallel systems characterise global telecommunications. They both have shortcomings, but handle their particular set of tasks pretty well.

One is the voice network (or circuit-switched network). That's the one that comes into play when you call your aunt in Saskatoon or talk to a friend in London, England. It provides us with relatively inexpensive, highly reliable, quality voice communication. It's richly featured. If you want you can put call waiting, call display, or call forwarding on your line.

But the voice system is not terribly good at handling data. If you connect to your Internet provider through a phone line, as most people do, you'll find it a painfully slow way of moving large files.

The other network handles data. Get past your home phone bottleneck, and you'll find we're doing a pretty good job of moving data around. Obviously, we're trying to expand its broadband capacity. But the basics are in place for moving the packets of information smoothly and efficiently.

However, the data network isn't very good yet in dealing with voice conversations. If you've ever tried one of the packages for Voice over Internet you'll find it's still a clunky approach. Much of the problem has to do with the way data is sent in packets rather than in continuous bursts of information.

The clear direction for all communications providers is improving both systems and bringing them together into one. That is happening quickly much to the benefit of both phone and data providers. It's starting by migrating voice to packet.

Both systems reflect large investments. Neither one will be abandoned overnight. At Lucent we have accelerated the evolution and merging of these two systems. We're helping them to harmonise their day-to-day functions with a new product line we call 7RE, the "R" standing for revolution and the "E" for evolution.

The fourth area that we're working on in building a true broadband infrastructure is what's called "The Last Mile." That's the connection from the high-speed network to your home. There may be a 12-lane expressway connecting Toronto and Montreal. But if the path from that expressway to your home is a single lane the data will still arrive slowly.

No one is sure what technology will dominate that Last Mile. So telecommunications suppliers, including Lucent, are exploring a number of possibilities.

Wiring your home for fibre optics is one alternative. A year ago that would have seemed far-fetched. We could hardly have put a bus-sized router in each neighborhood to direct the flow of light impulses. But as the system moves to small, all-optical routers the possibility of end-to-end fibre is a real one. Some of our researchers are even imagining "a wavelength to the home." At Lucent we've developed a plastic optical cable that's ideal for the home. And as my comments make clear, nothing beats fibre for capacity. Imagine being able to download your favourite movie in a few seconds and watch it at your leisure. Stay tuned for that one.

But we are also exploring other possibilities. We're working with cable companies to transform what once were one-way lines for video signals into high-speed two-way channels for voice and data. Cable companies now have a head start in providing high-speed access to the Net. We have a trial with Comcast, a large U.S. cable company using Lucent and Motorola technology, where voice and data pass over the channels.

And no one is giving up on those ubiquitous copper wires that come into all our homes from the phone company. A variety of well-tested approaches can breathe new life into those lines, and provide one-megabyte speeds.

We're also examining various wireless links. These can be used both for mobile commuting and for home or office-based terminals. For example, our Bell Labs scientists have developed OpticAir. It's a laser transmitter that sends broadband signals through the air. Right now this technology is more for office buildings than homes. It makes possible high-speed transmission without the necessity of laying fibre optic cable.

Conclusion

I'll conclude by underscoring my message: the advances of the past 10 years are only the prelude to the dramatic changes in communications that will reshape our lives in the decade to come.

Few industries today are more exciting, more dynamic, or have more impact on our lives than communications. The technology is evolving rapidly. Many of the applications that will change our lives are in existence. They're tested and waiting for that true broadband network to come into existence. And it will.

You can also be sure whatever capacity is built in the next 10 years, it will only challenge scientists and entrepreneurs to come up with further advances and new applications—applications we can only dream of today.

At Lucent Technologies we are delighted to take the lead in creating these changes. But this is a fiercely competitive industry. Our 30,000 researchers at Bell Labs, as well as our managers and sales force know that we'll maintain our leadership only as long as we deliver for our customers.

That's a challenge and a mandate we're proud to take up. We look forward to an exciting decade. And we look forward to taking this journey with all of you. We're in it together!

The appreciation of the meeting was expressed by Jocelyne Côté-O'Hara, Principal, C_2O & Company and a Director, The Empire Club of Canada.

February 17, 2000

Simon Witts

President, Microsoft Canada Co.

THE ADVANTAGES OF THE MICROSOFT WINDOWS 2000 OPERATING SYSTEM

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

C. Alexander Squires, Managing Partner, Brant Securities Limited and Secretary, The Empire Club of Canada; The Reverend Dean Mercer, Rector, St. Theodore of Canterbury Church; Nithya Vinayakarmoothy, Grade 11 Honours Student, Parkdale Collegiate Institute; Chris Stanley, Director, Enterprise Group, Microsoft Canada Co.; Ron Hulse, Vice-President, Sales, Compaq Canada Inc.; John C. Koopman, Principal, Heidrick & Struggles and a Director, The Empire Club of Canada; Chris Weber, Director, Small and Medium Enterprise Group, Microsoft Canada Co.; and Peter Ciceri, President, Compaq Canada Co.

Introduction by Robert J. Dechert

Just a few years ago, blissfully unaware of the Internet, most of us thought nothing of waiting for several days for our correspondence to be delivered by snail mail.

Research on most topics meant a trip to the library—and commerce was anything but electronic.

Today, we almost take for granted that information on virtually any subject imaginable is available instantly—just a few clicks away—on our desktops, laptops, palmtops or other wireless devices. And we grow impatient over a few seconds delay in retrieving information that, a few short years ago, would have taken hours to locate—if we could find it at all.

The on-line community is growing at an incredible rate.

Currently, a population the size of the United Kingdom is added to the Internet community every six months.

And just as information is readily available, products and services of virtually any description can now be viewed, reviewed and purchased over the Internet.

Relatively small businesses can now reach worldwide markets that were previously only available to huge multinationals.

Microsoft is developing tools to enable small businesses to quickly and inexpensively utilise the power of the Internet to enhance and expand their business. One of those tools is the new Microsoft Windows 2000 operating system. We are privileged today to be joined by Mr. Simon Witts who will explain the advantages of this new operating system.

As President of Microsoft Canada, Simon Witts leads the company's strategic management team, which is responsible for driving Microsoft Canada's long-term business direction and future growth.

Mr. Witts sits on the boards of the Information Technology Association of Canada and the Canadian Alliance Against Software Theft.

Mr. Witts came to Microsoft Canada from Microsoft Ltd. in Great Britain where he held the position of Director of the Enterprise Customer Unit and where he was responsible for Microsoft's relationships with its largest U.K. customers.

Before joining Microsoft in 1993, Mr. Witts successfully served in a number of sales management roles at IBM U.K. Ltd., where he spent eight years.

He has a Masters degree in Information Technology and a Bachelors degree in Pure Mathematics and Theoretical Physics—all from the University of London.

Ladies and gentlemen please welcome Mr. Simon Witts to the podium of The Empire Club of Canada.

Simon Witts

Thank you Bob. Thank you to the Empire Club. Thank you ladies and gentlemen for joining us for this lunch. Bob kindly gave me a book of previous speeches. It is a bit late now but at lunch I tried to work out if standing up here is good for one's career or bad for one's career. If you go back for example to July of 1996 Bill Gates stood at this podium. At that time he was Chief Executive Officer of Microsoft. Now he is just Chief Software Architect.

I will take one extract from his speech which was delivered close to five years ago. Bill said: "Whenever you have a communication device it's going to be a long time before critical mass kicks in and it becomes more than a novelty. For example, when people had fax machines the first few wondered who was going to send them a fax and a few years later everyone was expected to have one and in fact it was unusual on your business card not to present your fax number." Well the same thing is in the process of happening again. "Everyone," he suggests, "I venture to say in this room within five years will have an electronic mail address and the ability to get messages from businesses, colleagues and friends across the Internet."

Isn't that amazing? That was his vision five years ago.

Obviously how people use the Internet has changed in the first five years of the digital economy. People have gone from just inquisitive usage to today when they are trying to figure out how to put almost every, if not every, process of their business on-line and on the web.

It was only 30 years ago for example that we had wage constraints and controls in Canada. We had inflation. People were out of work. It would have been difficult to predict the euphoria we now have based on the Internet. But is it sustainable?

Last week in London, Goldman Sachs did probably the best evaluation of the first five years of the digital economy. They looked at the sustainable value of the technology with quite good measures such as non-inflationary employment growth and things like that. They concluded (the study is on the web by the way) that there is indeed going to be substantial long-term sustained benefit from this new digital economy on the web. They point to GM and Ford who've come out already and evaluated that their supply chain costs will be cut by a full 20 per cent using business-to-business e-commerce techniques.

So what do we as senior business leaders need to do?

Bill Gates when he was our Chief Executive Officer took a fairly individual and unique approach to that problem. One Friday night, he took home a copy of each and every paper form that the company possessed. A paper form is a good indication of where there is no electronic process and where there are people involved in the process.

The interesting thing was that most of those forms related to interactions with customers and suppliers. They weren't internal forms as you may have thought. When Bill came back on Monday and brought his business leadership team in they went through the forms and determined that the majority of the forms could be moved to the web. The process whereby Bill asked the business team and the IT team to move all those forms on to the web drove probably the single biggest re-engineering process that our company has ever experienced. It took customers, partners and suppliers directly on to the web. We started up a group, the customer systems group, that spun away from IT to do this. IT weren't seen as responsive enough and now every single transaction we have with partners, customers and suppliers is done over the web. There's no employee intervention in any of those processes anymore. And the customer systems group has absorbed the IT group. The IT group today for our company really only manages the infrastructure and defines the specific applications for the employee group, in our case 35,000. Thirty-five thousand employees is such a tiny number compared to the millions of customers, partners and suppliers we have that interact directly with our business systems, our customer systems through the web. So the cost of running Microsoft has been dramatically reduced and we've taken employees out of the process.

The reason for your being here today is to hear how Windows 2000 can help in the digital economy and web-enable business in your own environment. Windows 95 and Windows 98 were seen as breakthroughs for the desktop. We think you'll look back on Windows 2000 and say it was another breakthrough on the business desktop. You'll say it's a significant breakthrough on the server in terms of scalability, management, reliability and the benefits that NT can bring to IT infrastructure, but probably most importantly you'll look back and say Windows 2000 enabled your business to go on-line. Not just to conduct e-commerce but put more and more of your processes up there.

So how does a company set about delivering one operating system that can make so many breakthroughs and so many claims? There are two answers. The first one is an awful lot of developers. The second one is an awful lot of customer feedback. Indeed from this video you'll get a flavour of just how many developers and just how much customer feedback goes into this process.

Video shown.

There was $1 billion of investment there with a team of over 5,000 people for three and a half years. Five hundred people alone worked on reliability.

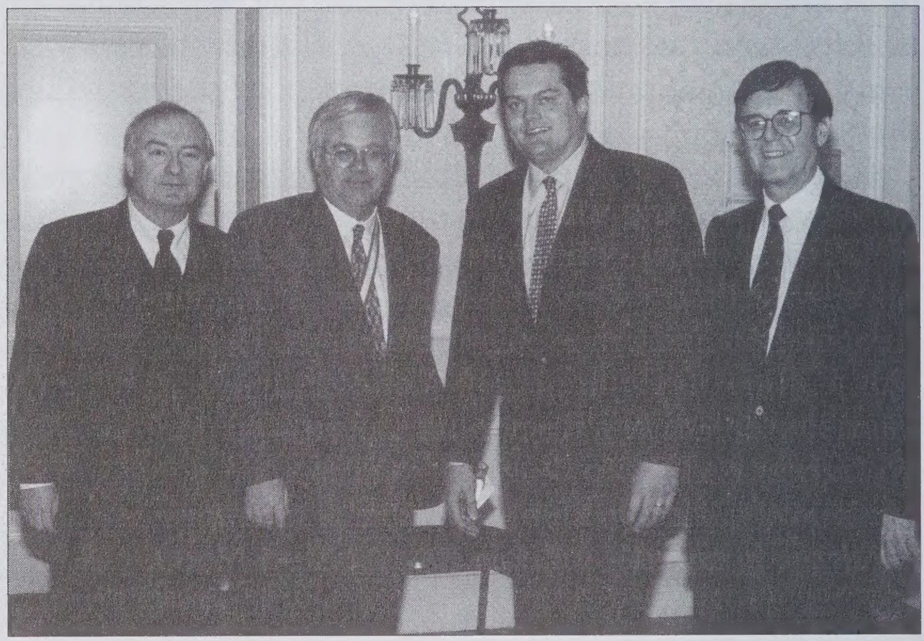
We were delighted to work with four companies in Canada over the last year in a unique way. You'll see in this next video an example of Telus. I think it is quite timely that BC Telus announced a five-fold profit increase last night but I'm not sure all of that is to do with Windows 2000.

Video shown.

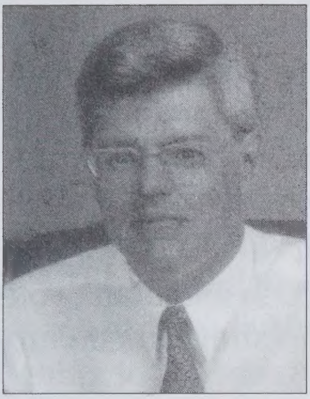
Thank you BC Telus.

Our expanded vision is to empower all of you on any device at any time and from any place with great software tools. That's our role. We would love to have a role in your plans to get on to the Internet. We hope Windows 2000 becomes a part of it and thank you very much for sharing our excitement today. I hope you enjoyed the lunch and thank you for letting me speak to you.

The appreciation of the meeting was expressed by John C. Koopman, Principal, Heidrick & Struggles and a Director, The Empire Club of Canada.



David A. Edmison, Senior Partner, Martin, Lucas & Seagram Independent Investment Counsel and Past President, The Empire Club of Canada, Robert J. Dechert, President, The Empire Club of Canada and Partner, Gowling Strathy & Henderson, Simon Witts, President, Microsoft Canada Co. and Edward P. Badovinac, CET, KH, Chairman, The Empire Club of Canada Yearbook and Director, The Empire Club of Canada.



March 2, 2000

The Hon. John Manley

Minister of Industry, Government of Canada

CREATING CANADA'S CULTURE OF INNOVATION: FROM CRADLE TO CAREER

Chairman: **John A. Campion**
Past President, The Empire Club of Canada

Head Table Guests

Julie K. Hannaford, Partner, Borden & Elliot and a Past President, The Empire Club of Canada; Orest Zakydalsky, OAC Student, Humberside Collegiate Institute; The Rev. Dr. Andrew Stirling, Senior Minister, Timothy Eaton Memorial United Church; Stephen LeDrew, Partner, Morris Rose Ledgett; M. Elyse Allan, President and CEO, The Toronto Board of Trade; Charles S. Coffey, Executive Vice-President, Government and Community Affairs, The Royal Bank of Canada; Elaine Minacs, President and CEO, Minacs Worldwide Inc.; Ted Rogers, President and CEO, Rogers Communications Inc.; The Hon. Al Palladini, Minister of Economic and Trade, Province of Ontario; Ann Curran, President, Curran Corporate Advisers Inc. and Second Vice-President, The Empire Club of Canada; Kathy Lowinger, Publisher, Tundra Books, McCLelland & Stewart Young Readers; Michael MacMillan, Chairman and CEO, Alliance Atlantis Communications Inc.; Gordon Cressy, Vice-President, University Advancement, Ryerson Polytechnic University; John Warren, Toronto Managing Partner, Borden Ladner Gervais LLP; and George

Marsland, Executive Director, Magna Scholarship Fund and The Fair Enterprise Institute, Magna International Inc.

Introduction by John A. Campion

John Manley

Thank you, John, for that kind introduction and thank you all for the opportunity to address this distinguished club again this year.

The speech I gave last year on the productivity challenges that Canada faces caused a bit of a row. And that was purely intentional. I wanted it to serve as a wake-up call to Canadians. Our standard of living was being threatened and I wanted as many people as possible to know it.

Two years ago, I talked to you about our Connecting Canadians agenda. For those of you who may have forgotten that take a look at this.

Video of CONNECTING CANADIANS ad shown.

This ad has been running on television, in movie theatres, just about anywhere you care to look, or listen, but I don't think it's playing on Hockey Night in Canada.

In the time I have with you today, I want to address three issues:

- Productivity (again);
- Knowledge; and
- Innovation.

As citizens and taxpayers, you understand that your quality of life is directly related to how hard you work and how much money you make. At the national level, our standard of living is closely tied to our success in fostering knowledge creation, adaptability and innovation.

Over the past year, Canadians have been telling the government what they expected and hoped for in the budget. And we have been listening. And the four themes in this year's budget speak directly to the concerns Canadians have about health care, children, innovation and tax reduction. And I'm going to bring you back to these during the course of my remarks.

Canadians enjoy the fruits of a strong and growing economy. But we can't simply assume that this prosperity will continue forever. The world economy is changing radically and with a speed we can barely comprehend.

The pace of change may be dizzying, but it's not out of control. Where these changes lead us—and what we're going to do when we get there—are subjects that Prime Minister Chretien has been tackling head on. We are determined that Canada will win in the new economy.

This new economy is worldwide, all-encompassing and not without its hazards. It is a fundamental global change from the industrial age to the information age. It's really a revolution that means the death of time and distance.

Here's the equation for a prosperous future: knowledge plus innovation equals increased productivity. We are still facing a productivity challenge in Canada, and we will likely face it for some time to come. But the good news is that our government's innovation agenda will help make the challenge manageable.

Innovation isn't just about making good products better. It's also about creating new ideas and applying them to new products and services. The need to innovate is not a new discovery. This is no ad hoc solution to a problem that came up last week. The Government of Canada has been promoting and encouraging innovation for the last six years under the Prime Minister's leadership.

This week's budget deepens our commitment to prepare Canadians for the 21st century. For example, we have increased spending on higher education. The budget funded 2,000 21st-century Chairs for Research Excellence with $900 million.

We increased funding for the Canada Foundation for Innovation by a further $900 million, in addition to the $1 billion it had already received. The CFI invests in infrastructure projects at Canadian universities, colleges, hospitals, and other non-profit organisations. This enables Canada's finest minds to carry out world-class scientific research and technology development.

First-class health care is an essential element of our quality of life. We want to ensure that our system continues to deliver professional, caring service to all Canadians. We have the same expectation for post-secondary education.

Next year alone, transfer payments to the provinces for these two areas will reach an all-time high of almost $31 billion. This is important. But our commitment to our children doesn't begin at university.

We want the best possible opportunities for our children who are, literally, the future of this country. From extending maternity and parental leave to increasing the tax exemption on scholarships and bursaries, the government is committed to doing more for our children—from cradle to career. And we want that career to be in Canada.

To that end, Monday's budget addressed corporate taxes. We are lowering the top rate for higher-taxed industries from 28 per cent to 21 per cent, putting all sectors on a competitive footing with the United States. Make no mistake about it; Paul Martin has shown real courage in committing us to these corporate tax reductions.

Because cuts in corporate taxes are going to attract criticism from the usual anti-business suspects, I know that people will find it easy to say: "Make the corporations pay." In the traditional economy, corporate taxes weren't much of an issue. You had to be where the trees were if your business was cutting down trees. And you paid the corporate taxes that applied in the country where your trees fell. But in the new economy, the corporations don't necessarily have to pay because they don't have to stay. They can just leave. And I'll tell you shortly about some that did. And when companies do leave, they take jobs and opportunities—and our children—with them.

We also had to address the issue of stock options. Many high-tech industry leaders brought their grievances to me about this. Our government responded. By allowing employees to pay tax only when they sell their stock—and not when they exercise their options—we've added another incentive for high-tech workers to stay in Canada. Monday's budget reflects similar tax treatment in the U.S.

I've talked about corporate taxes and about stock options. Now let's talk about individual Canadians. Over the next five years, personal income tax will fall by an average of 15 per cent annually; 22 per cent when you take into account tax cuts in previous budgets. And by restoring indexing, we have ensured that your tax cuts will not be lost to bracket creep. This budget promises a cumulative reduction in taxes of $58 billion over the next five years.

I want you to understand what I've been saying in newspaper interviews, because I think there may be some confusion. These are the most significant reductions in tax in Canadian history. They're welcome, justified, and substantial. But Mr. Martin has said they are a floor, not a ceiling. If our finances permit, we both would hope that these cuts could be deepened and accelerated.

All of the measures I've just been talking about are targeted, strategic and affordable. But they are also elements of a larger strategy: one that will help us conquer the innovation challenge.

These measures contribute to the new thinking that will help Canada become a magnet for brains in the next decade. If a university graduate moves south, it's for the sandy beaches and the warm winters and not because of lack of opportunity here.

I am talking about encouraging risk and rewarding success. I am talking about creating a culture of innovation in Canada. Why? Because Canada is facing one of the greatest challenges ever to its standard of living. That challenge is globalisation.

In his recent book, "The Lexus and the Olive Tree," Thomas Friedman describes globalisation as the spread of free-market capitalism to virtually every country in the world.

Globalisation means deregulation. It means privatisation. It is built on technologies that make computers smaller and faster. It is digital. It is on-line. It is now.

Friedman says that if globalisation were a sport, it would be the 100-metre dash over and over and over. No matter how many times you win, you have to race again the next day.

There is no guarantee that, in this environment, Canada will simply maintain its privileged economic position. Not without becoming more skilled, more productive, more entrepreneurial and more innovative than any other country.

Let me talk for a minute about productivity. Ask Canadians to define increased productivity and they may well say it means doing more work for the same or less money—not a pleasant picture for any of us. Instead, I prefer to define productivity as "working smarter"—investing in leading-edge technology and training to improve the output of our companies and their employees. It is a fact that in the global, knowledge-based economy, the advantage goes to the countries that are innovative and have high levels of productivity. The advantage also goes to nations that quickly adopt the latest technology, invest in skills development for their citizens and seek out new global opportunities. These challenges facing Canada will determine the future direction of our economy.

Canada has a long history of creating new ideas and building its knowledge base. And we have a long history of being modest about it. More than 40 years ago, Canadians were at the forefront of high technology in aeronautics. It was called the Avro Arrow. When the Diefenbaker government cancelled the Arrow, many of the Canadian brains behind it went south. A few years later they helped put Americans on the moon.

Some of our more traditional industries are also succeeding through increased productivity. They are investing in tools and training. For example, the Canadian chemical industry and the Canadian auto industry have outperformed their U.S. counterparts for the last decade. This is what can happen when companies make large investments in new plants and machinery and give their researchers access to state-of-the-art technologies.

We have proven our ability to create, but we are often slow to apply our creations. This slowness is one of the reasons that Canada's growth rate in productivity lags behind other countries.

In 1999, the Conference Board of Canada published its first annual innovation report. It studied how the context of an organisation influences the effectiveness with which innovation can occur. Benchmarked against our main competitors, Canada is near the bottom of the pile because of the inability of firms to organise around innovative business strategies.

Not everyone, though. Some firms are tremendously innovative. The problem they have, and the problem Canada has, is that finding financing is a difficult and frustrating process. This means that we are losing innovative businesses that started here and should be staying here. That puts our future at risk.

Here are some examples.

Signal9 Solutions, a small network security firm near Ottawa will close its doors for good and move to Silicon Valley in a few weeks. It will join its parent McAfee.com, a maker of anti-virus software, which acquired Signal9 for $18 million. Philip Attfield, President of Signal9 Solutions, said that the reasons for the move were lack of early-stage capital and onerous taxation.

And then there's Homegrocer.com, which was up and running in Vancouver, but moved to Seattle to get easier access to venture capital. It raised more than $160 million in pre-IPO funding in the United States.

And finally, there's the business that I met with that brought together four entrepreneurs. I promised I would not give out their names. They acquired the intellectual property on very promising technology. They began to shop around for financing to build a company.

They were looking for $10 million. They knocked on the doors of every financial house on Bay Street, but no one would give them a nickel. So they tried their luck in the States. Rather than provide them with $10 million Canadian, Silicon Valley offered them $45 million U.S.!

There was a catch, however. The company had to establish its head office in the United States. After their experience with Canadian technology financing, this was not a hard decision for them to make.

Under these circumstances, I sometimes think that if Canadians had invented the wheel, we would have dragged it to the U.S. to market it there.

Should our kids have to leave Canada to succeed? No way! We need them.

I want Canada's creative, imaginative and determined young people to succeed here. Not somewhere else. And I am sure that you understand me perfectly when I tell you that I would much rather talk to my kids over the dining room table than over the long-distance telephone.

We have announced changes to the taxation system to make it attractive for companies to innovate. We will continue to encourage partnerships and promote commercialisation here. We remain focussed on excellence.

We are investing in research to generate new ideas. And we are connecting Canadians to this knowledge. At the end of March last year, our Connecting Canadians strategy reached an important milestone by connecting all of Canada's schools and libraries to the Internet. This short video will show you how technology opens up a world of opportunity—whether on Pictou Island, Nova Scotia, or in the heart of Toronto.

Video of PICTOU ISLAND shown.

"It will take us wherever we want." We must take that young girl's vision and apply it. We must make Canada's innovation systems the envy of the world. We must set the technology trends, not merely follow them.

To do this, we must ensure that our world-class researchers have Canadian opportunities to succeed—both professionally and financially. And this leading-edge research must be turned into cutting-edge products and services.

We must lead the world in technology sectors and we must create and retain world-class technology entrepreneurs—people with the know-how and the drive to market our research discoveries.

We must rebrand Canada as technologically advanced, entrepreneurial, creative and innovative.

But the federal government is only part of the story. With the sound fiscal, regulatory and policy framework that government must deliver, we need a domestic Team Canada—businesses, banks, venture capitalists, investors, entrepreneurs, inventors—Canadians. People like you—to make this agenda for innovation work.

We can advise. We can encourage. We can help. But Canadians have to have faith in their own entrepreneurs. This means that you have to be willing to invest in Canada and put your money where your hearts are. You have to innovate. You have to create.

Canadians must surely be the most fortunate people on Earth. We live in a spacious, beautiful and richly endowed land. We have built a nation known for its peacefulness and prosperity.

Together, we can ensure that the Canada of tomorrow is as full of promise as the one that you and I inherited.

Thank you.

The appreciation of the meeting was expressed by Ann Curran, President, Curran Corporate Advisers Inc. and Second Vice-President, The Empire Club of Canada.

Ted Rogers, President and CEO, Rogers Communications Inc., The Hon. John Manley, PC, MP, Minister of Industry, Government of Canada and John A. Campion, Partner, Fasken Martineau Dumoulin LLP and Past President, The Empire Club of Canada.

March 9, 2000

Preston Manning

MP, Calgary Southwest and Leader of the Official Opposition

THINK BIG

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

Bart J. Mindszenthy, A.P.R., Partner, Mindszenthy & Roberts Communications Counsel and a Director, The Empire Club of Canada; Reverend Dr. John Niles, Rector, Victoria Park United Church; Nadia Shewnarane, Senior Student, Parkdale Collegiate Institute; Michael Coren, Freelance Writer, The Toronto Sun, Author and Broadcaster; Elwin Hermanson, Leader of the Saskatchewan Party and Leader of the Official Opposition in Saskatchewan; Tom Long, Egon Zehnder International Inc. and Chairman, 1999 Ontario PC Party Re-Election Campaign; Catherine Steele, Vice-President (Toronto) and Partner, GGA Communications and Third Vice-President, The Empire Club of Canada; Peter G. White, Executive Vice-President and Director, Argus Corp. Ltd. and Chairman, Canadian Alliance Fund; J. Lorne Braithwaite, President and CEO, Cambridge Shopping Centres Limited; Belinda Stronach, Executive Vice-President, Magna International Inc.; and George L. Cooke, President and CEO, The Dominion of Canada General Insurance Company and Immediate Past President, The Empire Club of Canada.

Introduction by Robert J. Dechert

Politics like life and business is about risk and successful business people instinctively know that even with a good product or service rewards do not come without considerable risk.

Preston Manning has never retreated from taking risks to advance a cause in which he believes.

In 1987, he turned away from the status quo Canadian federal political parties and became one of the principal founders of the Reform Party of Canada. Within 10 years Mr. Manning led that fledgling political movement from obscurity to the Official Opposition in the House of Commons.

Despite these successes, Mr. Manning realised that in order for his supporters to be able to apply their principles in government a national coalition of small-c conservatives needed to be built.

He could have taken the easy route and simply continued to grow the Reform Party from within.

But he chose another route. He courageously and diplomatically invited other like-minded Canadians to join together in a new coalition to give Canadian voters a viable conservative alternative to the current government of Canada.

He reached out to Canadians of varied backgrounds including former supporters of the PC Party of Canada such as myself. He challenged us to define the common principles that we all shared and to build a new national conservative party.

And to demonstrate his good faith he agreed to put his own leadership on the line and to participate in an open, democratic and hotly contested race for the leadership of the new party.

He has encouraged the justifiably proud supporters of the Reform Party to "think big" and to join hands with fellow conservatives across Canada.

Approximately one year ago, Mr. Manning described for us the United Alternative vision arising out of the first United Alternative Convention held in February of 1999.

Following the recent successful conclusion of the second United Alternative Convention which founded the new Canadian Reform Conservative Alliance Mr. Manning has graciously agreed to share with us his vision of the Canadian Alliance and its political prospects.

Ladies and gentlemen, once again, please welcome Mr. Preston Manning to the podium of The Empire Club of Canada.

Preston Manning

Thanks for giving me the opportunity to address you today and thanks to the Empire Club for providing a forum from which to discuss national issues.

The job of the Official Opposition is two-fold. First, to hold the government accountable especially for the management of taxpayers' money. Is the HRD scandal the tip of an iceberg? Second, to provide an alternative to the government, capable of replacing it if it loses the confidence of Canadians.

As part of this responsibility I want to present to you a challenge to support the Canadian Alliance. We've been talking about the dark side of national politics namely the scandal at HRD. On the positive side, millions of people in all parts of the country share certain common goals and desires:

- To keep more of their own money (They want lower taxes);
- Responsible use of taxpayers' dollars (They are appalled by the HRD scandal);
- Freedom from debt (They don't want a mortgage on their future);
- Patient-centred health care without waiting lines or worry;
- Safer streets (They want criminal justice reform);
- Support, protection and respect for families;
- Democratic control over politicians and judges;
- Co-operation between governments (better federalism) to ensure better health, education and social services.

Taken together, the achievement of these goals and dreams add up to a new and better Canada for a new century!

What political obstacles prevent the achievement of these goals and aspirations?

- A Liberal government in Ottawa committed only to its own preservation and the status quo.
- Division of the millions of Canadians who support these common goals into different political camps and factions.

As a result, a Liberal-oriented minority (only 38 per cent of Canadians voted Liberal in the last federal election) rules the majority, because the majority is a house divided!

What is the common-sense solution to this problem? If you ask rank-and-file Canadians, they say: "Why don't those of you in the federal arena who profess to believe in common goals and principles work together to achieve them?" "Your duty to Canada and Canadians is bigger than your partisan differences. Think big and work together!" If this advice is followed, it will be possible to win the 150-plus seats in the House of Commons required to displace the federal Liberals and achieve a new, principled government for the new century.

This common-sense advice to think big and work together has been met with two different responses at the federal level. The response of Joe Clark and the federal PCs (where "PC" now stands for neither "progressive" nor "conservative" but simply the "Party of Clark") has been negative. Joe Clark has resisted and rejected all invitations to work together with Reformers, fiscal conservatives, social conservatives, and others like-minded, to create a more broadly based, principled alternative to the Liberals. Joe Clark has even distanced himself from the tax-cutting policies, welfare reforms, and health-care reforms of the Klein and Harris Conservatives. Joe Clark has instead sought only to unite anti-free-trade interests, represented by David Orchard with Red Tories, Red Tories simply meaning liberals disguised as conservatives.

On the other hand, the response of Reformers, many provincial PCs and others to the advice to think big and work together has been positive and resulted in the formation of the Canadian Alliance.

It began with efforts by Reformers to "reach out" at the 1998 Reform Assembly by proposing the United Alternative initiative.

The first UA Convention took place in February 1999. There were 1,500 delegates and participation by Conservatives, Reformers and like-minded others. There was agreement on "principled ground"—fiscal and social responsibility, democratic accountability and reformed federalism.

The internal Reform referendum provided a mandate to continue to participate in the UA process. The work of the eight UA Action Committees "put the flesh on the bones" defined by the first UA Convention.

The second UA Convention followed by the Reform Assembly in January 2000 resulted in the Canadian Alliance package of principles, policies, and constitution for a new federal party capable of fielding 301 candidates in the next federal election under a single banner.

Key features of the Canadian Alliance policy declaration and constitution include the 17-per-cent single-rate tax proposal.

There is a three-fold challenge in future opportunities to influence Alliance policy and determine Alliance leadership.

The first is the challenge to Torontonians.

The federal Liberals have failed to address Toronto issues:

- The deterioration of health-care services;
- Homelessness;
- Illegal immigration and crime;
- Infrastructure requirements; and
- The role of mega-cities in 21st-century federation.

How can a federal party which is rooted in the status quo and has no vision for Canada be expected to have a vision of Toronto as a 21st-century mega-city? I urge Torontonians to see the Canadian Alliance as a vehicle for addressing with vigour all those issues of importance to this city which the federal Liberals have ignored or taken for granted. But for this to happen your participation is required.

Second, there is a challenge to participate in determining the leadership of the Canadian Alliance.

A Party Referendum to determine whether Reform will participate in the Alliance concludes March 17, 2000. The results will be announced March 25, 2000.

The next step is a big, wide-open, one-member one-vote contest to determine the leadership of the Alliance. Make sure you have a vote.

The Canadian Alliance provides an opportunity for people who feel they can lead to do so. The Alliance needs champions in the business community, in the social sectors, and in the political sphere. The Alliance needs political champions at the constituency/candidate level, the regional level, and the national level.

That's why I welcome leadership candidates like Stockwell Day, the Alberta Finance Minister, into the contest. I sincerely hope there will be other candidates—like a quality representative of the Harris Conservatives whose presence and contribution to the leadership contest will help build and broaden the Alliance.

But what all of us need to understand is that this is not simply a contest for the leadership of a new party. There is a bigger picture here. What Canada needs is a new prime minister—a prime minister who will lower taxes and debt, who will get everyone working together again to fix health care and who will restore integrity and accountability to the federal government.

I am ready to do that job, but I need the opportunity to prove and demonstrate that convincingly to others. I give few things in public life more importance than seeking and obtaining a democratic mandate from electors. Accordingly, I wish to be as free as I can possibly be over the next few months to meet with members of the new Alliance to discuss issues with them, to share ideas and to ask for support.

Speaking personally—and only with regard to my own position as Leader of the Official Opposition—I do not think it possible to do the best I can as both Leader of the Opposition and an Alliance leadership candidate over the next few months. And so today I have advised our caucus that once the referendum results are known and I formally launch my leadership campaign, I will step aside as Leader of the Official Opposition in order to devote the maximum amount of time and attention to the voters in our leadership election.

I have asked our Deputy Parliamentary Leader, Caucus Chair, and longest-serving MP, Deborah Grey, if she is prepared to assume the role of Acting Leader of the Official Opposition during this period.

The selection of an Acting Leader is a decision for our parliamentary caucus to make when the time comes, but I believe that most of us will readily agree that Deb has demonstrated the ability to take on this role, has earned our respect and support, and will continue to ensure that the Official Opposition is effective in holding the Liberal government accountable, particularly for its mismanagement of public funds.

I of course will continue to represent my Calgary Southwest constituents, to participate as a member of our caucus and in Parliament as required, and to fulfil any legal responsibilities I may have as Party Leader during the transition period. But I feel it most appropriate to leave the role of Acting Official Opposition Leader in Deb's very capable hands.

The challenge is to think and act Big! Join with us and other like-minded Canadians in building the Canadian

Alliance. Tax reform, health-care reform and the Canadian Alliance itself are BIG concepts that will make BIG differences in lives of Canadians.

Getting Toronto issues back on the national agenda is a BIG job. It requires us to Think and Act Big! We are citizens of the second-largest country on the face of the earth. You are residents of the biggest city in Canada. This requires you, our leaders and our political institutions, to Think and Act Big! Your great big city with all its needs and potential and your great big country with its unlimited future require you to THINK AND ACT BIG!

Thank you.

The appreciation of the meeting was expressed by George L. Cooke, President and CEO, The Dominion of Canada General Insurance Company and Immediate Past President, The Empire Club of Canada.

March 23, 2000

Dr. Frank Silver

Director, Stroke Program, University Health Network, Toronto Western Hospital

PREVENTION AND TREATMENT OF STROKES

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

Catherine Steele, Vice-President (Toronto) and Partner, GGA Communications and Third Vice-President, The Empire Club of Canada; The Reverend Canon Paul Feheley, St. George's Anglican Church, Oshawa; Timothy Turk, Grade 12 and OAC Student, Western Technical-Commercial School; Diane Black, Vice-President, External Relations, Heart and Stroke Foundation of Ontario; Rick Gallop, President, Heart and Stroke Foundation of Ontario; Phil B. Lind, Vice-Chairman, Rogers Communications Inc.; George L. Cooke, President and CEO, the Dominion of Canada General Insurance Company and Immediate Past President, The Empire Club of Canada; Robert L. Brooks, Chair of the Board, Heart and Stroke Foundation, Executive Vice-President and Group Treasurer, Bank of Nova Scotia and a Past President, The Empire Club of Canada; Yvon Bastien, President and General Manager, Sanofi-Synthelabo Canada Inc.; and Ian Scott, Former Attorney General, Province of Ontario and Former Partner, Gowling Strathy & Henderson.

Introduction by Robert J. Dechert

The following are the grim statistics:

- Approximately 50,000 new strokes are reported each year in Canada. Stroke is the fourth-leading cause of death.
- Currently as many as 300,000 Canadians are stroke survivors living with an increased risk of a subsequent stroke.
- One-third of all stroke victims are under the age of 65.
- The cost to the Canadian economy of treating and caring for stroke victims is estimated at $2.5 billion annually.

Dr. Frank Silver has been one of the Heart and Stroke Foundation's most active and accomplished volunteers in the fight against stroke over the last five years.

Dr. Silver is a recognised expert in the prevention and treatment of stroke. He is the Foundation's driving force on the development of a co-ordinated stroke strategy to enhance stroke care across Ontario and Canada.

Dr. Silver graduated from the University of Toronto with the Degree of Doctor of Medicine in 1978. He has been a Professor in the Department of Medicine of the University of Toronto since 1985. Since 1993, Dr. Silver has been the Director of the Stroke Program of the University Health Network.

Dr. Silver is the recipient of numerous awards and honours including the 1998 Aikins/University of Toronto Teaching Award for undergraduate medicine and the 1999 distinguished Service Award from the Heart and Stroke Foundation of Ontario.

Dr. Silver is the author of dozens of noted publications on the subject of the prevention and treatment of stroke. He has been Vice-President of the Canadian Stroke Society since 1998.

Ladies and gentlemen, please welcome Dr. Frank Silver to the podium of The Empire Club of Canada.

Frank Silver

In 1945 the three most powerful leaders in the world met at Yalta to determine the boundaries of the New World order that would prevail after the Second World War—Franklin Delano Roosevelt, Winston Churchill and Josef Stalin.

Their doctors were worried with good reason. Each of the world leaders was suffering from high blood pressure.

Roosevelt, Stalin and Churchill would all die from a stroke. No medical treatment then available could have saved them. The most powerful leaders in the world were no match for stroke.

Times have changed. There has been a profound shift in our approach to stroke. We have come from an extended period of helplessness, where medicine surrendered to the casualties left in the wake of stroke. We have now entered an era in which there is a new realisation that we can "beat" stroke. Our understanding of stroke has been reshaped and redefined. Today, we know that stroke is both treatable and preventable. People can and do recover from stroke.

Today, I'd like to share with you some of the exciting new developments that have revolutionised stroke care.

Since February last year we have a powerful, clot-busting drug called tPA—tissue plasminogen activator. tPA has the ability to stop a stroke in its tracks. Eighty per cent of strokes are caused by blood clots and tPA can effectively dissolve clots. Given intravenously to the right patients, tPA has the potential to open up a clogged brain artery, rapidly restoring blow flow to the brain, completely reversing the process or significantly limiting the extent of brain damage. tPA can increase the proportion of stroke patients making a near or complete recovery by 32 per cent or looking at it another way, tPA results in a 42-per-cent reduction in odds of being dead or dependent at three months.

The statistics are impressive but it is nothing compared to seeing patients brought into the emergency department lying on a stretcher unable to speak, one side of their body paralysed, start to move their paralysed limbs shortly after you inject this drug; then to see patients, normally destined to spend the rest of their life in a nursing home, able to walk out of hospital unaided.

But the use of tPA brings a challenge. The drug must be administered within three hours from the onset of symptoms. In that short interval, a patient must recognise the symptoms of stroke and react by calling 911. The emergency services have to deliver the patient rapidly to an appropriate emergency department. Once in the emergency, the patient has to be assessed, blood tests completed, and a CT scan performed and interpreted all BEFORE the final decision is made to proceed with clot-busting therapy; all of this in less than an hour from the patient's arrival to hospital. The consequences of wrong treatment can be fatal.

To achieve an optimal "door-to-needle" time for stroke requires that emergency health-care services are geared up and primed to respond rapidly—in much the same way that they already respond to patients with the symptoms of a heart attack.

When a patient is brought to the emergency with a cardiac arrest, a whole team descends on the patient in a highly orchestrated attempt to revive him. Today, in most hospitals, when a patient with an acute stroke arrives there is no orchestrated effort, but in fact, there is feeling of apathy. A further frustration is that there are some centres that have developed stroke protocols and stroke response teams, but reaching this type of care is by chance.

And this brings me to the importance of stroke units as a key strategy for improving outcomes. Even before the introduction of tPA, there was overwhelming evidence that managing stroke patients in centres with a special interest in stroke improves their outcomes.

Several studies have demonstrated that your chance of surviving and returning home is significantly improved if you receive care in a stroke unit. Moreover, these are not high-tech intensive care units. They are regular nursing units with a dedicated interdisciplinary stroke team and an organised care plan.

Stroke units have been shown not only to improve outcome but also to shorten the patient's length of stay and significantly reduce the cost of stroke. In short, to deliver optimal treatment we need specialised stroke units.

However, a 1999 survey of Ontario hospitals dealing with acute stroke revealed that only 4 per cent had dedicated stroke units.

In Ontario, the direct costs of stroke are approximately $529 million a year. Add another $328 million in indirect costs and the total burden to the Ontario economy is at least $860 million a year.

Left out of this estimate is the sheer human cost to the stroke patient and the stroke patient's family.

If we think there's a problem today, we haven't seen anything yet. Over the next 20 years, as the baby-boom generation ages, the number of strokes in Ontario could increase by 30 per cent.

The need for organising stroke care ranges across the entire spectrum from prevention to rehabilitation. We need to reorganise the way we deliver care so patients are more efficiently diagnosed, stabilised, treated and rehabilitated. Stroke patients need to be treated by interdisciplinary teams of specialised caregivers. Anything less should be considered unacceptable.

Once an acute stroke patient is successfully treated, our job is not over. Patients who have recovered from a stroke, no matter how minor, should not leave hospital without a clear plan for preventing another stroke.

You see, even though managing the acute stroke with clot busting agents is exciting, something that has already been portrayed on the television show ER is that the greatest impact we will have on stroke is by prevention. Prevention includes managing stroke risk factors and initiating stroke prevention strategies that will prevent a second potentially more devastating stroke.

It has been estimated that at least half of strokes can be prevented—simply by applying what we already know.

We know that high blood pressure is a leading risk factor. Yet 42 per cent of Canadians with high blood pressure don't know that they have it. And of those who know they have it only 16 per cent have their blood pressure under control. And yet a person, whose high blood pressure is not successfully treated, faces up to a 40-per-cent risk of stroke within 10 years.

Let's add in the other risk factors—smoking, diabetes, high cholesterol, the presence of heart disease and family history of stroke—and one thing becomes blindingly apparent. It is that we must do a better job in stroke prevention.

We all know what should happen. Unfortunately the reality is different. Far too often I see patients after the fact, left devastated by their stroke where prevention or effective early intervention may have spared them this catastrophe. We desperately need a system in place to ensure our patients receive the care and stroke education that they deserve and that we should be able to deliver.

The health-care profession cannot reduce the impact of stroke without the public's help. There must be a level of awareness. For prevention this implies the recognition of stroke risk factors. For treatment this requires recognition of the symptoms associated with stroke.

So, in your own self-interest, you should all be aware of the risk factors and the symptoms of stroke.

On the table in front of you, you will see a card from the Heart and Stroke Foundation of Ontario listing signs and symptoms of stroke. Please take some time to read it and talk about it with your family, friends and colleagues.

It would be wonderful if you were all stroke aware. We need to think of a stroke as a "brain attack," much as we have learned to understand "heart attack." Very few of us would go to bed with chest pain and hope it would go away by morning. But over and again I see patients that were not aware of the symptoms of stroke going to bed with sudden speech difficulties or limb weakness, expecting their symptoms to be resolved by morning.

Even when patients recognise and react to stroke symptoms, in many cases the system fails to respond in an optimal manner. Left on their own, hospitals and emergency services cannot co-ordinate the necessary services. An organised regional approach is needed to insure that the right patient gets to the right hospital within the right time. This is the type of access that is well within our reach.

I'm pleased to say the Heart and Stroke Foundation has taken a significant leadership role towards this goal. The Foundation formed a steering committee to investigate ways to improve stroke care in this province.

This has led to the Heart and Stroke Foundation's "Coordinated Stroke Strategy" which has now been implemented in four pilot sites—Kingston, Hamilton, London and West Toronto. These sites are pulling together hospitals, emergency services, community agencies and health-care providers to develop an organised, regional approach to stroke across the entire continuum of care.

Lessons learned from the four Coordinated Stroke Strategy Sites will give us powerful insights for the province as a whole. This successful initiative convinced the Ontario government to work with us in setting up a Joint Strategy Working Group. Its mandate is to examine the entire continuum from stroke prevention to emergency care to rehabilitation.

Eventually we hope to bring organised stroke care to every community in Ontario, however remote. In our vision of the future, more remote areas could be linked to stroke centres through high-speed telecommunication links, fittingly named, "telestroke."

This is our road map for the future of stroke care and we are well on our way. The direction is clear and the goals are attainable. What we need now is the continuing involvement of our government partners to recognise stroke care in Ontario as a priority—facilitating the reorganisation of stroke care.

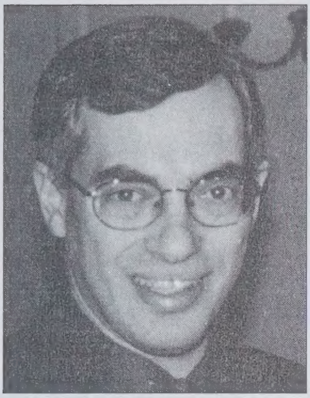
I hope that in 10 years' time I can stand here and say, without hesitation, that Ontario has the best-organised stroke care in the country, if not the world. With this infrastructure in place, we will be well-positioned to bring the new therapies, such as tPA, to all Ontarians.

When we look at what we can accomplish in this area, when we consider the rising numbers of stroke patients requiring treatment and rehabilitation, when we see how much we can achieve by a simple reorganisation of existing resources then there is only one conclusion we can come to: organised stroke care is simply common sense.

Mr. Ian Scott and Mr. Phil Lind, both stroke survivors, made brief remarks.

The appreciation of the meeting was expressed by George L. Cooke, President and CEO, the Dominion of Canada General Insurance Company and Immediate Past President, The Empire Club of Canada.

Edward P. Badovinac, CET, KH, Chairman, The Empire Club of Canada Yearbook and Director, The Empire Club of Canada and Ian Scott, Former Attorney General, Province of Ontario and Former Partner, Gowling Strathy & Henderson.



March 30, 2000

The Hon. Tony Clement

Minister of Municipal Affairs and Housing for the Government of Ontario

GOVERNING IN THE 21ST CENTURY: THE MIKE HARRIS GOVERNMENT AND LESSONS FROM ONTARIO

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

John C. Koopman, Principal, Heidrick & Struggles and a Director, The Empire Club of Canada; Reverend Kim Beard, Rector, Christ Church, Brampton and a Director, The Empire Club of Canada; Sandra Rodrigues, Grade 12 Student, Bloor Collegiate Institute and Executive Member, Environment Club; John Ibbitson, Queen's Park Columnist, The Globe and Mail; Ron Daniels, Dean, Faculty of Law, University of Toronto; Lynne Golding, Partner, Fasken Martineau DuMoulin and Spouse of The Hon. Tony Clement; David J. McFadden, QC, Partner, Smith Lyons and a Director, The Empire Club of Canada; Dr. Charles McMillan, Professor, International Business, York University; Kenneth Whyte, Editor-in-Chief, The National Post; Professor Robert Prichard, President, University of Toronto; and Geoffrey C. Mitchinson, Vice-President, Public Affairs, Glaxo Wellcome Inc.

Introduction by Robert J. Dechert

Ladies and gentlemen, it is a very special privilege for me to introduce The Honourable Tony Clement to you today.

It is special for me because I have had the privilege of knowing Tony Clement for close to 20 years—and for all of those years I have known him to be a person of prodigious intelligence, skill and integrity.

As an undergraduate student and law student at the University of Toronto, Tony combined his pursuit of knowledge with a leadership role in student politics. Even then he served his constituents—and took principled stands on important issues—often in the face of considerable pressure and competition from special interest groups with narrow interests.

Following his graduation from the Faculty of Law in 1986, Tony again blazed a trail by working in Central and Eastern Europe as a consultant to western companies and local governments seeking counsel on privatisation and economic restructuring.

Tony's leadership qualities were again demonstrated in his term as President of the PC Party of Ontario from 1990 to 1992 where he laid the organisational foundations for the Common Sense Revolution plan.

In 1992, he was appointed as the Assistant Principal Secretary to Mike Harris.

Tony was first elected as the Member of Provincial Parliament for Brampton South in June 1995. He was re-elected in June 1999 to represent the new riding of Brampton West-Mississauga.

Once in government, Tony quickly assumed leadership roles including chairing the government's "who does what implementation committee" and taking responsibility for referendum legislation.

He served as Parliamentary Assistant to the Premier and was appointed as the Minister of Transportation in October of 1997.

Following his re-election in June of 1999, he was appointed as the Minister of Environment.

Tony's tremendous abilities and enormous capacity were recognised by the Premier when he was given the additional responsibility of Minister of Municipal Affairs and Housing in October 1999. He continued to serve in these dual roles until earlier this month.

Tony's leadership talents have not been limited to Brampton West-Mississauga and the Province of Ontario. As you know Tony has taken a central role in the federal United Alternative process to ensure that Canadians will have a new federal government after the next election to bring common sense government to all Canadians.

Tony has continued his stalwart commitment to this cause as Co-President of the Canadian Alliance.

Tony is Chair of the Brampton Salvation Army Red Shield Appeal campaign.

He and Lynne have three children.

Community and political leaders such as Tony Clement are a rare commodity indeed. Ladies and gentlemen it gives me great pleasure to welcome The Honourable Tony Clement to the podium of The Empire Club of Canada.

Tony Clement

Introduction

To appear before the Empire Club is certainly an honour; many worthy people have preceded me, including more than a few parliamentarians. But, while we politicians come and go, more accurately rise and fall, the Empire Club never goes out of style: it is always a worthwhile forum for the free exchange of ideas, and for the advancement of solutions to the problems of the day.

Despite the loftiness of my predecessors at this platform, my goal is somewhat more limited. I feel a bit like Churchill's adversary, whom the great prime minister described as "a modest man—with much to be modest about!"

Yet, there is nothing modest about the times in which we live, and the degree of change that we all see in our working lives, our communities and our wider world. Hardly a day goes by without more evidence of change, of the new economy overtaking the old. We have dot-coms creating wireless wealth, side by side with revolutionary changes in the way in which we produce goods, extract resources and finance our enterprise.

All of this is happening so quickly that revolutionary change is now commonplace. To think that these changes, and the rate of change itself, would have no impact on public policy would be not only wrong but also dangerous. Politics must change as well, or practitioners of public policy will find that they will become irrelevant at best, hurtful to the broader public good at worst.

Personally, I believe Ontario public policy is at a crossroads. With many of our fiscal challenges under control, political representatives must begin to think about the next set of initiatives that will both meet the hopes and aspirations of the citizenry and keep the virtuous circle of tax relief, productivity gains, innovation and wealth creation going. While it might be tempting for some to follow Yogi Berra's advice—"When you reach a fork in the road, take it!"—in reality we have no such luxuries.

That is why my goal today is to provoke discussion and thought about one path Ontario should consider. Specifically, how we can provide more choice for individuals in how they conduct their lives.

Changes Due to Common Sense Revolution

It has been almost six years since the creation and unveiling of Mike Harris's Common Sense Revolution. In this time, Ontario and our politics have changed irrevocably. In May of 1994 Ontario needed a bold and clear vision that would show the way to lower taxes, fewer barriers to growth, prudent fiscal management and welfare reform.

As a (younger) staffer in Mike Harris's office in the early 90s, I remember accompanying this leader of the third party from school gymnasium to town hall to church basement, as we learned together just how far out of touch the political and media elites were with the hopes and aspirations of Ontarians. The people knew that the tax-and-spend status quo was not working for them or their families. Only real change, at a fundamental level, could get the province back on track.

Mike Harris listened to what the people of Ontario had to say, and came up with a plan that was based on common sense. While the main priority of that plan was to get Ontario's fiscal house in order, it was also about decreasing government, making it work better, and being more accountable to the people.

Key elements included:

- Lower taxes to create jobs. Result: over 670,000 new jobs in under five years.
- Reduce government. Results: 21-per-cent reduction in the number of MPPs. Amalgamation of local governments, with 571 now as compared to 815 in 1995, resulting in almost 25-per-cent fewer municipal politicians.
- Cut red tape and bureaucracy to make it easier to do business in Ontario. Result: today, over 1,300 fewer regulations.
- And ultimately, a government that would do what it said it would do, and would not strive to be all things to all people.

I think it's fair to say this government has followed through on its commitments.

It has been over four years of difficult but necessary decisions. Interests wedded to the status quo objected often and loudly. But the results are in. Ontario is more competitive, more prosperous and more able to sustain both wealth creation and social investments. I'm proud to be a member of the Harris team that was able to accomplish all of this and more.

Future Policy Challenges

And today, in the early days of the new century, we continue to need that common-sense approach to government that we initiated in 1995.

It's just that now we need to develop policy options for the future, rather than concentrating on fixing the problems created in the past. We must move beyond undoing the damage of the tax-and-spend years to an entirely new phase: that of meeting tomorrow's challenges with the right mix of private prosperity and collective responsibility. That is all easy to say. But the real question that must be answered is: how do we get there?

I believe we must provide individuals with more choice about how they live their own lives and, in those areas where government will still ultimately make the decision, give people more direct participation.

Because today, people are finding it harder to achieve their goals. Important goals like independence from want, education and opportunity and well-being. All of these goals are important. But let me step back for a moment. These challenges, and more, have been around for a very long time, probably since the time wandering humanity decided to settle in communities. What strikes me about today is the growing feeling of alienation and frustration ordinary people feel in trying to make the right decisions to meet these challenges, and the growing lack of credibility that government has to contribute meaningful solutions. People do not believe, despite our unprecedented technology, our wealth, and our resources, that they can get to these goals exclusively through government initiative.

Let me state the other side of this coin. In an ideal world, people want to choose the solutions that will work for them. Don't get me wrong. Choice is all around us. We live in the cyberworld of unlimited information, megaplex cinemas and e-commerce sites with millions of selections at a keystroke. Yet, we also live in a world where banks are still struggling to cater to the small businessperson's entrepreneurial needs, and where consumer choices about everything from air travel to phone service does not always, shall I say, live up to choice and market competition ideals.

While my constituents are not marching on the streets about these examples, the frustration is real. The feeling of impotence is real. And it carries over to the lack of choice in important public services. I saw it with one of my constituents, whose 10-year-old child is getting a mediocre education compared to what she was receiving before moving to Canada. Surely she deserves better choices through a better education. I also have seen it with the convenience store owner, just down the road from my home, who sees in her store the sons and daughters of welfare dependents, and who worries about the cycle they seem destined to repeat. Surely they deserve better choices for the future, too.

People with more control over life's important decisions, with more ability to decide what is important for themselves and their families, generally are happier and more self-fulfilled. At its most basic level, choice encompasses financial independence, personal security, political freedom, personal fulfillment and wellness. It is crucially connected to any decent definition of a good life. We already know that choice in the marketplace brings prosperity. But the ability to make choices in public goods ultimately advances civil society and is the very hallmark of a properly functioning democracy.

Focusing on how to put even more choice into people's lives is a logical next step for Ontario conservatives, because choice was already a key element in our election campaign five years ago and in the plan we promoted. Indeed, in 1995 we offered the people of Ontario a real choice in the type of government they would receive.

Most importantly, we offered the choice of an economic policy that would provide tax cuts, allowing individuals to decide how to spend more of their own money.

Reducing Role of Government

How, then, can government create more choice in people's everyday lives? And how can the role that government plays in providing services be reduced? In essence, we must be looking for ways to restore government to its proper role and scope.

Over the last few decades, government has quietly assumed more and more responsibility—taken it away from the individual and indeed away from the community. This trend has had two dangerous effects. First, government taxes away earnings and savings and then misspends the money. Second, it destroys the innate ability of human beings to look after themselves and their families. By trying to do too much, governments have consistently undermined individual potential and created a dependency—a "government will take care of it" attitude.

I saw this in the extreme while working in Eastern Europe as a businessperson, as the communist regimes were crashing down under the weight of their own internal contradictions. The previous years had resulted in untold damage to the economic foundations of the countries in which I did business. But this economic damage was matched, indeed exceeded, by the psychological damage to the individual.

As the governments became less intrusive people had to learn how to make decisions for themselves again. They had to learn how to conduct business fairly—indeed how to conduct all manner of social relations in a civilised way—and how not to exploit one another.

We in Ontario have luckily never been in such an extreme situation. But we have had governments over past decades that have believed that the best solution to every social problem is more government intervention. Their priorities were to tax and spend their way out of any problem and to establish another government agency or programme.

Do you know that right now, in Canada, there are more than 900 different government programmes that will provide grants and loans to businesses, spending $90 billion last year? Can all of this be necessary? In many cases, all we are doing is providing money to companies who are smart enough to access it, but don't really need it. Yet with this wasteful spending, governments are able to be more involved and more in control of the country's businesses, distorting competition in the marketplace in the process.

This increased involvement of government, in social services as well as business, has meant we have simultaneously been delivering shoddy services at great expense, while cutting out the great numbers of volunteers, churches, temples and charities that in the past provided many social services with great quality and little expense. Surely we can devise better, more inclusive solutions?

One option must be to consider how to encourage community organisations to provide more services. We need to make it easier for them to organise and ensure there is a minimum of red tape with which they have to deal. Perhaps we need to remove the tax disincentives for those who sponsor or support these types of organisations. And finally, we need to make these non-governmental organisations a valued part of Ontario and show them and their volunteers that the work they do is respected. We've lost much of the volunteer spirit that used to exist in this province, and we have to find it again.

Another option, and a path Ontario has begun taking, is to implement further municipal reforms. While still involving a level of government, allowing local governments even more responsibility for local decisions and the choice to provide services in the best way for their communities will, by definition, make those choices more reflective of the community.

We will soon be taking the next step: to change the Municipal Act to give local governments more responsibility to make decisions without continually having to ask for permission from the provincial government. I am looking forward to spearheading this truly historic development.

Increasing Choices for Individuals

However, I want to see the principle of personal choice across a much wider spectrum of activities—in education, in health care, in so many areas where creativity and initiative can improve the lives of all Ontarians, especially the disadvantaged and the less well off.

Choices in Education

Consider the example of education. In the new world of the Internet and lifetime learning, the knowledge revolution is turning conventional wisdom on its head. We are all students now. A quarter of Ford's assembly line workers have university and graduate degrees. Farming is as much about science and genetics as it is about tilling the soil. Toyota invests up to 50 days training per employee per year. The U.S.A. alone has over 2,000 corporate universities to train the workers, develop new ideas, and learn from their operations in different parts of the world.

Many in Ontario have argued for increased choice in our education system. Whether more choice is helpful, or indeed is feasible, is an important discussion to have. Suffice to say that choice must work hand in hand with accountability in the system: accountability to the parent, to the student and to the taxpayer.

We are seeing the beginnings of accountability and choice with the new student-based funding formula and with the evolution of school councils into a workable forum for local school accountability. With fair and equal funding for students in the public system, and an expanded process of testing, all members of a community will be better able to measure how well a school is achieving its goals and whether it is taking steps to improve.

Parents across the province are becoming more involved in the education system, with school councils being an important recent addition. These councils have started to make a real difference in many schools.

Now they are asking for greater involvement and influence in important decisions, such as when a new principal is chosen for their school. Parents should have direct involvement in this process, and be directly involved in setting the tone for the whole school.

Many jurisdictions have gone further, and we should look to them to see what the different options are and what might work for us. For example, in parts of the United States, not only has student testing been introduced in certain grades, but high school exit examinations which students have to pass before graduation are being established.

Additionally, the U.S. is beginning a system of establishing standards and holding states and school districts accountable for progress, rewarding jurisdictions for good results. They are embracing a very simple formula: high standards, increased accountability and extra help so children who need it can reach those standards. Will these types of measures work for us? We won't know unless we at least start discussing alternatives.

For our colleges and universities, the old models of yesteryear no longer work in the new millennium. An exciting break in the post-secondary education monopoly that would give students more choice involves the opening of degree-granting status to qualified community college programmes and, indeed, to private university providers. I say free the students to demand meaningful accountability, and to be able to vote with their feet, their computers, and their pocketbooks.

For as long as programmes and institutions meet certain standards, increased choice for students wanting post-secondary education will be healthy for Ontario. It will create a greater number of more highly educated people able to play important roles in Ontario's economy.

Choices in Health Care

Of course, one cannot talk about increasing choices for individuals without mentioning the challenges in the health-care system. This is easily the most serious public policy issue we, and all other governments, are facing today. While to do it justice would mean another Empire Club speech, permit me to at least say this.

It is clear that people are looking for more health-care alternatives. But it is also very clear that the public will only support quality health care that is accessible to everyone.

Given that reality, I believe we must be looking for ways to increase choice within these parameters and judge, at least in part, any proposed reforms by the following questions.

First, do the reforms add choices for the consumer or do they diminish them?

Second, if the reforms merely seek to ration health care more efficiently, are the rationing decisions based upon the choices of consumers or are they merely the result of government or provider convenience?

An answer to the latter question was sought in Oregon by the refreshingly honest method of putting the proposed priorities of public health care on the ballot for the citizens to choose. Why not let the people ration, if rationing is the best that public delivery of health care can manage?

Choices in the Environment

And then, there is the environment. The market's historic inability to correctly value environmental sustainability has created the need for a governmental regulatory framework designed to protect the common good. But, even in this important area, must government intervention always be done in a way that excludes market solutions?

Most recently I, as then-Environment Minister, announced an emission reduction trading system as part of our initiative to improve air quality. This system rewards reductions in smog-causing emissions anywhere in Ontario's airshed by creating a tradable credit. It allows the market to decide, or choose, how it can best achieve the air quality targets set by government, rather than being told how to do it. We need to continue to look for ways for the market to produce better environmental solutions, while severely punishing polluters who break the rules.

Role of Direct Democracy

These examples illustrate that there is ample opportunity to allow for individual choices in areas where government previously would dictate. But, is there a way to ensure that collective decisions by government are also more accountable and connected with citizens' hopes and aspirations? In other words, can the government monopoly of decision making be broken?

The answer must be that there can be a role for increased direct democracy—allowing all citizens direct input into key decisions.

As many of you may know, I have been a supporter of more direct democracy for many years. In 1998, I spearheaded an initiative to allow the citizens of Ontario a greater role in their government's decisions. During the province-wide consultations, it became clear that many people did want greater accountability, and that the judicious use of referendums had widespread acceptance.

The Harris government has made a good start in this direction with the recently enacted Taxpayer Protection Act. With it in place, there can be no new taxes, or increases in current taxes, without the approval of the voters in a referendum. Mike Harris has also committed to referendums in a number of other areas that could have a direct influence on individuals' lives, such as meaningful changes to the Constitution of Canada, or the introduction of any new Vegas-style casinos outside the current host-cities.

The next step in creating meaningful choice would be to advance referendums by allowing citizens' initiatives. After thresholds are reached in petitions, citizens could initiate a referendum question, and results, fairly arrived at, would be binding on the government.

Citizens' initiatives have been employed by Switzerland for centuries and in many U.S. states for decades. Still, this type of meagre advance in individual choice is fiercely resisted by many political elites on the grounds that—gasp!—people might decide things the wrong way, or for the wrong reasons.

While this complaint is, by extension, hostile to general elections as well, it also ignores most modern experiences with citizen initiatives. Usually, citizens have been far more thoughtful than politicians give them credit for and have generally used the referendum powers more sensibly than many legislatures use their legislative powers. Direct democracy is a powerful tool for choice and accountability whose time has come in Ontario and in Canada.

Conclusion

Let me conclude by repeating that Ontario is at a crossroads. After slaying the deficit dragon, cutting taxes to competitive levels and redesigning some basic elements of government to deliver services in a sustainable manner, we have managed merely to put Ontario back into the game.

The next phase must now begin and, perhaps, it will never end. Indeed, the challenges may never have been greater, but the possibilities were never more clear. And, with the decisive leadership that Mike Harris has provided in the past and offers for the future, Ontarians can approach the challenges with confidence. But, we must all look to provide Ontarians with the tools to fashion the future for themselves, their families and their wider community.

Political leaders need to be taking steps that will generate a debate in the province about how we can best tackle many of these issues. This is not meant to be a partisan debate, but rather a discussion about how we can best provide choices to people to ensure their hopes and aspirations are met.

I believe we need to return to those school gymnasiums, town halls and church basements and keep listening to what people have to say about how we can make government more responsible and how to provide them with choices that count.

As part of the Mike Harris team, I relish this challenge and the opportunity it represents.

Thank you.

The appreciation of the meeting was expressed by David J. McFadden, Q.C., Partner, Smith Lyons and a Director, The Empire Club of Canada.

April 6, 2000

David Frum

Author, Columnist and Senior Fellow, The Manhattan Institute

"HOW WE GOT HERE: THE 1970s—THE DECADE THAT BROUGHT YOU MODERN LIFE"

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

David L. Lindsay, President and CEO, Superbuild Corporation and a Director, The Empire Club of Canada; Drew Callander, OAC Student, Lawrence Park Collegiate Institute; Catherine Henderson, President, Ontario College of Art and Design; Patrick Luciani, Executive Director, The Donner Canadian Foundation; Dr. Murray Frum, Chairman, Frum Development Group; Catherine Steele, Vice-President (Toronto) and Partner, GGA Communications and Third Vice-President, The Empire Club of Canada; Roger Martin, Dean, Rotman School of Business, University of Toronto; Kenneth Whyte, Editor-in-Chief, The National Post; and Anne Collins, Vice-President and Editorial Director, Random House Canada.

Introduction by Robert J. Dechert

David Frum is one of America's most thoughtful and provocative political commentators—and he is barely 40 years old. Not bad for a kid from Toronto.

David is the author of several acclaimed books including "Dead Right," published in 1994, which chronicled the rise and fall of the conservative movement in the United States and was described by the New York Times as "the smartest book written from the inside about the American conservative movement."

His second book "What's Right" prompted the Wall Street Journal to describe him as "one of the leading political commentators of his generation."

In his latest book entitled "How we got here: the 1970s—the decade that brought you modern life," David describes how the ideas of the 1970s evolved and illustrates how they continue to impact us through current political leaders such as Bill Clinton and Tony Blair who were trained in the 1970s when they formed their ideas about the role of the state in our society.

If his book can explain why we all succumbed to disco music and how we can prevent such a dreadful thing from ever happening again his place in history will be truly established.

David Frum is a contributing editor to "The Weekly Standard," and a Senior Fellow of The Manhattan Institute. He writes a column that appears in the New York Post and in Canada's National Post, and he broadcasts regular radio commentaries on national public radio's "Morning Edition." He has appeared on CBS's "Sunday Morning," "The McLaughlin Group" and CNN's "Crossfire"—to name a few. David was formerly an editor and writer on the editorial page of the Wall Street Journal.

David was born in Toronto and he is a graduate of Yale University and Harvard Law School. He currently lives in Washington, D.C. with his wife and two children.

Ladies and gentlemen please welcome Mr. David Frum to the podium of The Empire Club of Canada.

David Frum

I have an idea that with this talk I ought to show slides. Wouldn't it be fun to see photographs of the guests at this table taken in say 1974? The big groovy sideburns, the viva Zapata mustaches, the peasant dresses, the clogs? As for me there does exist in some (I hope) tightly secured photo album, a photo of my bar mitzvah in June

1973; I wore a brown polyester seersucker number, aviator eyeglasses, and a bow tie as big as my head.

People think of the 1970s as a nothingburger sort of decade, but from a visual point of view, there's no period of this century that's more instantly recognisable.

F. Scott Fitzgerald called the 1890s the cut-glass decade, because every home that aspired to gentility plopped a cut-glass bowl on its sideboard. In the same way, the 1970s might be called the spider-plant decade. What made a home a home (or so middle-class people then thought) were plants suspended from every wall and over every window. The plants had to be supported by macramé nets, and with them you needed the hand-made plates and blemished glassware from the Yucatan or Portugal. Furniture was upholstered in earth tones—browns and oranges—and piled high with nubby pillows. Plaster was stripped off the walls to expose the underlying brick, and the broadloom lilted up to reveal the maple flooring.

Bellbottoms and glitter bells; giant muffins and cocaine—has any other decade spawned quite so many visual clichés?

In a way, the sheer comical lavishness of the 1970s was the biggest obstacle to writing about them. Who could take them seriously? But let's try, at least for the next dozen minutes.

During the making of the movie, "Saving Private Ryan," the Dreamworks publicity department released a photo of the star, Tom Hanks, face to face with the director, Steven Spielberg. Hanks was clad in GI battle dress. Spielberg was wearing his trademark tee-shirt and baseball cap. It was a wonderful image, the 90s meeting the 40s. One found oneself glancing back and forth, from the man dressed as a warrior to the man dressed as a 12-year-old and back again, wondering where had the one man gone? Where had the other one come from? When did this big change occur?

The usual answer is of course the fabled 60s. We've all seen the TV clips: as the Byrds sing "Turn, Turn, Turn," the camera cuts from images of Martin Luther King on the steps of the Lincoln Memorial to flower children in San Francisco, soldiers helicoptering down into a rice paddy, bombs dropping from the bay of a B-52, protesters, hippies smoking marijuana and flashing peace signs and Lyndon Johnson declaring he will not run again.

This documentary-maker's version of history is not entirely wrong. But it isn't quite right either. It isn't true that the nation's young people took to the streets in the 60s to protest the Vietnam war. Almost every public opinion poll taken during the war showed that youth disproportionately supported the war. The most 'dovish' group was the over fifty-fives. It isn't true that the sixties were the decade in which the conscience of the nation was at last aroused against racial inequality. In fact, the crucial turn in public opinion occurred in the 1950s. And despite all that fantastic footage of stoned young people rolling in the Woodstock mud, it's not even true that the 1960s were the era of sex, drugs, and rock' n' roll. Only 5 per cent of Americans had ever tried marijuana by as late as 1967. A majority of American brides said they came to the altar as virgins as late as 1964. The number-one song of 1969 was "Sugar, Sugar" by the Archies.

When you think of the 1960s, it's a great mistake to imagine them as represented by, say, Hillary Clinton. For most Americans, even most young Americans, the 1960s were the 1940s, except that frozen vegetables had replaced canned. It was only in the next decade, the supposedly anticlimactic decade of the 1970s, that the world of ordinary people was turned upside down.

In 1972, New York magazine published the story of a 31-year-old mother of four from the Baltimore suburbs. After a decade of marriage, she was bored and restless. One day she couldn't take it any longer: She left, moved to New York and took a job. In her essay, she asked: "Was I spoiled because I was taking so many other people—like my husband and children just to pick some at random—over the hill with me in my decisions?" Or was I moral in the deepest sense because I would no longer in the name of sacrifice to others—like my husband and children, just to pick some at random—let slip away the one life I was given as wholly mine to do something with?

Now this is obviously not a new thought. You catch echoes of Emerson and Thoreau in it, Nietzsche and Rousseau, even; some might imaginatively suggest the serpent in the Garden of Eden. But in the 1970s what was once unconventional, even anticonventional, thinking became instead the nearly universal outlook of ordinary men and women.

By 1979, 39 per cent of all Americans, 60 per cent of educated young Americans, agreed with the statement that "people should be free to look, dress, and live the way they want whether others like it or not." By now, that statement has probably become so unexceptionable that most of us in this room would find it difficult to imagine how anybody could disagree with it. Once upon a time, a psychologist named Penelope Russianoff barged her way to fame with a course called "assertiveness training." (She even got a cameo spot in the movie, "An Unmarried Woman.") For $150, Russianoff led her students through 10 weeks of drills and workshops that helped them put their needs first. A graduate of the course, a painter, described what it did for her. "One occasion stands out; it sounds silly, but it was important. I moved my studio from a small room (the dining room) to the biggest room in the house. I took over the centre of the entire place. I have to see my paintings from everywhere, from every viewpoint; they have to be the focal point so I can judge them and experience them. Before I was married, my work space was at the centre of my living quarters. But when I got married, the main room became the living room. It seemed the acceptable thing. But I gradually knew I needed to take over the living room. I agonised silently for months about it before making the switch. Then suddenly one day I did it. I got a friend to help me. I had to move all the furniture, even a piano. When my children and my husband came home, it was all done. They had to accept it. There were some hard moments, but I knew I needed it. It was my life and my work at stake." True, the marriage ended in divorce, but no technique can solve all one's problems.

The painter may seem to have gone a little far. But isn't her way of thinking familiar? And aren't its consequences?

Respect for authority dwindled: a 1979 survey by the National Education Association discovered that 110,000 teachers, one out of every 20, had been the victim of a physical attack by a student in the 1978–79 academic year. Every poll taken during the decade showed tumbling regard for political leaders, for business, for unions, for churches, for the military and for medicine.

Intellectual standards were overthrown: in 1973, the University of Texas at Arlington introduced America's first credit course in belly-dancing. Test scores plunged throughout the decade; that is when tests themselves weren't abolished first.

Manners loosened. Not so long ago, Americans were thought of as a taciturn, uncommunicative people. In his 1970 bestseller, "Body Language," the psychologist Julius Fast complained of his difficulty persuading his patients to speak about themselves. Now there's a lost continent of Atlantis! The 1970s were the decade when white Americans stopped dressing up to go to church, when they became habituated to cursing (in 1976 "All the President's Men" achieved distinction as the first film to use the worst obscenity in the English language without forfeiting its R rating for the pornographic X).

Sexual mores were revolutionised. As late as 1972, a substantial majority of American women held that premarital sex was always or almost always wrong; by 1982, the majority said that such relations were never or only seldom wrong. Only 2 per cent of the women who turned 18 between 1953 and 1961 had slept with as many as five men by their thirtieth birthdays; 22.5 per cent of the women who turned 18 between 1971 and 1980 would carve that many notches into their bedpost. Unwed live-in relationships became so commonplace that the Census Bureau created a whole new category on its forms: Persons of Opposite Sex Sharing Living Quarters." (Otherwise known unromantically as POSSLQs.) Unsurprisingly, this more promiscuous culture had trouble sustaining marriages: more than one million American kids lost their homes to divorce in each and every year of the 1970s.

Birth rates plunged suddenly and abruptly. In 1967, 40 per cent of Americans thought four or more was the ideal family. Six years later, in 1973, only 20 per cent of American adults thought that four or more was the ideal. In 1971, upper-crust Bryn Mawr conducted a survey of the five most recent graduating classes. About three-quarters of the alumnae participated. They reported giving birth to more than 70 babies. In 1975, the college repeated the survey. Again, three-quarters of the alumnae responded. This time, they reported a grand total of three babies. Today, there is not one country in the developed world where the population is replacing itself.

They were strange feverish years, the 1970s—a time of unease and despair, punctuated by disaster and sudden panics; oil shortages, killer bees, Watergate, environmental scares and the Iran-hostage taking. Institutions from the presidency to the union hall all wobbled. "There were," wrote a columnist for the New York Times in 1975, "fleeting moments when the public scene recalls the Weimar Republic of 1932~33."

Oil shocks, the collapse of the international monetary system, busing, disaster in Vietnam, inflation, repeated recessions, Soviet aggression, appeasement at home and environmental scare stories; it was just one disaster after another. The scientist who is now probably the most articulate prophet of global warming, Stephen Schneider of the National Centre for Atmospheric Research in Boulder, Colorado, came to fame as an apostle of global cooling. "We feel," said his colleague Walter Orr Roberts in 1976, "that downturn of temperatures since 1950—and rapidly in the 60s—probably represents a trend and isn't just a short-term chance fluctuation. We feel that it's more likely that these colder average temperatures in the northern hemisphere will continue for 20 or 30 years, and therefore we consider it a significant climate effect that the world will probably have to contend with for a long time." The International Federation of Institutes of Advanced Study warned that the cooling "indicates major crop failures almost certainly within the end of the decade. This, coinciding with a period of almost non-existent grain reserves, can be ignored only at the risk of great suffering and mass starvation." The Lord High Executioner in the "Mikado" announced that it really didn't matter which names were put upon his little list, and in that same cheerful spirit it was less important to the new apocalyptics to know which catastrophe was going to ravage the world than to agree that some catastrophe was sure to do so.

Catastrophes, though, can be liberating, as well as destructive. In the 1970s the giant corporations that had dominated the American economy since the 1890s began to shrink: 7 per cent of Americans worked for the 25-biggest private-sector employers in 1969, but only 4.5 per cent did so in 1998. Trade unions lost their power. The personal computer was invented. It became legal to ship a crate of lettuce across the country without asking the Interstate Commerce Commission for permission. The draft was abolished.

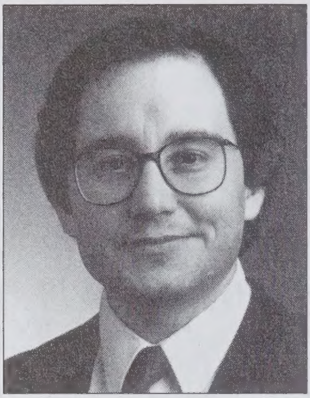
Irving Kristol wisely observed that the great event of the 20th century wasn't the crisis of capitalism; it was the death of socialism. The 1970s were the decade in which the final fatal blows were administered. The decade's most important intellectual event was the renaissance of classical economics. Friedrich Hayek won the Nobel Prize in 1974; Milton Friedman won in 1976; and their triumphs were echoed in the world of affairs. The Swedish Social Democrats lost power after 44 years in office in 1976. Margaret Thatcher was elected Prime Minister of Britain in 1979. Ronald Reagan won the U.S. Presidency in 1980. The high-tariff, state-ownership-manipulated currency policies that nationalist governments in the Third World had flirted with since the 1950s were definitively discredited in the crisis of 1982. Even here in Canada, where our Pierre Trudeau so loved the Third World that he wanted to lead Canada into joining it, the dogmas of half-century of Stalinism began to crumble. The price of crude oil has tripled since the summer of 1998: do you hear even a single voice suggesting controls might be appropriate? Or that we should halt exports so that we could have a cheap "made-in-Canada" price at home?

The world leaders of the 1970s belonged to the generation to whom the First World War was a fresh wound, that had suffered the Depression as young men, that came of age during World War II, and that helped reconstruct the world economy in the 1950s. They had learned something from those experiences, and that something was: markets cannot be trusted; governments can. From right to left, from Richard Nixon to Harold Wilson, they scorned the old-fashioned negative liberty of the 19th-century and celebrated the bold modern new world of central direction and state control. And they promptly steered that bold modern new world into one calamity after another. Suddenly that archaic 19th century world no longer looks so out of date. Friedrich Hayek, who was born under the Emperor Franz Josef but lived to see the fall of the Berlin Wall, used to joke that when he was 20, the only people who agreed with him were 80, and that at 80, the people who agreed with him were all 20.

Before 1970, America was a "love-it-or-leave-it" society. You didn't like Chevrolets? Tough. Your kid was home sick; and wanted to watch a cartoon at 10 on a weekday morning? Also tough. You wanted a chequing account that pays interest? Again tough. You needed to pay less than $900 for an economy ticket to Paris? Tough once more. You'd like to own some gold coins? Fella that's a very serious crime in these United States. In the 1970s, that all changed. It was the decade that brought us modern life.

The appreciation of the meeting was expressed by Catherine Steele, Vice-President (Toronto) and Partner, GGA Communications and Third Vice-President, The Empire Club of Canada.

David Frum, Author, Senior Fellow, Manhattan Institute and Dr. Murray Frum, Chairman, Frum Development Group.



April 20, 2000

David Pecaut

Managing Director, E-Ventures,
The Boston Consulting Group

CANADA IN THE INTERNET ECONOMY

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

L. Douglas Todgham, Vice-President, Advancement, The Canadian Institute for Advanced Research and a Director, The Empire Club of Canada; Reverend Dr. John Niles, Victoria Park United Church; Jennifer Newton, Grade 11 Student, Scarlett Heights Entrepreneurial Academy; Philip King, Vice-President, E-Business, United Way; John Ekert, Managing Partner, McLean Watson Capital; Dr. Claude Lajeunesse, President and Vice-Chancellor, Ryerson Polytechnic University; Ann Curran, President, Curran Corporate Advisors and Second Vice-President, The Empire Club of Canada; K.Y. Ho, Chairman and CEO, ATI Technologies Inc.; Ian Rhind Senior Vice-President, Internet, Trader.com; and The Hon. David Peterson, PC, QC, Chairman, Cassels Brock & Blackwell and Former Premier of Ontario.

Introduction by Robert J. Dechert

It is estimated that in 1998, Canada's Internet economy was worth about $28.5 billion and employed some 95,000 people.

Canada has the second-highest share of Internet-based e-commerce in the world—after the United States.

However, in spite of these impressive statistics, many Canadian e-business ideas never get on-line because of the shortage of early-stage risk capital in Canada and the heavy burden of our taxation system which drives too many of our high-tech entrepreneurs out of Canada.

While the NASDAQ had 165 Internet-related IPOs in 1999, the TSE had only four and two of those were cross-listed on U.S. exchanges. Depending on whether you were selling your dot-com stocks on NASDAQ last Friday or earlier this week you may not think that this was such a good thing.

There is a growing view that, given the increasing mobility of money, talent and ideas in the Internet economy, Canada has to move quickly to reform its tax and securities laws.

But as important as e-commerce is, it can be fraught with pitfalls for the unprepared.

That's where David Pecaut and the Boston Consulting Group come in. As Managing Director of E-Ventures, David Pecaut helps clients of the Boston Consulting Group respond to the opportunities and threats created in the fast-moving world of e-commerce. David acts as both strategist and business architect creating new business models for the e-commerce space and bringing together prospective partners to build them.

Currently, he is Co-Chair of the Canadian E-Business Opportunities Roundtable, a joint private- and public-sector advisory group on e-commerce. In addition to his e-commerce responsibilities, David manages the Canadian operations of the Boston Consulting Group. He holds a Master's degree in Philosophy from the University of Sussex and an AB degree from Harvard College.

Ladies and gentlemen please welcome Mr. David Pecaut to the podium of The Empire Club of Canada.

David Pecaut

It's a big pleasure to be here today among so many familiar faces and some new ones. Actually, it's both a big pleasure and a small one. The big pleasure is that I am here talking about something I am quite passionate about—the vision that the E-Business Opportunities Roundtable has put forward for Canada's leadership in the global economy.

But there's also the small pleasure that comes from having an opportunity for the first time in two years to wear one of my many white shirts gathering dust in my closet. In my pre-Internet days, a white shirt and tie was de rigeuer. But as those of you in the dot-com world know, anyone who shows up in a white shirt and a tie today is immediately suspect—a holdover from the old economy, where traditional dress codes apply. However, the occasion of addressing the Empire Club this morning allowed me to wear a classic suit, white shirt and a tie with confidence because this is where old and new economies meet.

Today, I'll try to avoid the hype that surrounds the Internet economy and focus instead on what it all means. One of the things I've learned during my four-year involvement in this new world is that almost everything you will hear about how the Internet will change over the next 12 months is overstated and exaggerated. But almost everything that you'll hear about the impact of the Internet in the next five to 10 years is dramatically understated and far less than what is likely to be achieved.

A lot of what we see in the new economy—stocks going up, crashing, bouncing back up again and so on—is surface froth. But beneath that surface, there is a remarkable phenomenon taking shape as a result of three technological drivers, all surprisingly predictable and also fairly simple.

The first is Moore's Law. A couple of decades ago, Gordon Moore, one of the co-founders of Intel, predicted that there would be a doubling of computer power every 18 months, given the advances that were happening in silicon chip technology. Remarkably, that's held true for most of the last 15 years, and many experts agree it will probably hold true for the next five to 10 years. So every 18 months you can buy twice as much computing capacity as you could 18 months before. Simple and surprisingly predictable.

The second major driver is falling telecommunications costs. It's not quite as predictable as Moore's Law, but long-distance communications costs, though not necessarily prices, are decreasing by about 20 to 30 per cent every 12 months due to a convergence of several powerful technologies. We're getting to the point where the cost of connecting a phone call in North America is two cents per minute, and it will rapidly fall to under a penny. Within five years, global telecommunications costs will be fractions of a cent.

The third driver is often called Metcalfe's Law after Bob Metcalfe, one of the co-creators of the Ethernet. Metcalfe's law of networks says, essentially, that any new person who joins an existing network of people, such as the telephone network, is a benefit to everyone else who is already on the network. And if, for example, the number of telephone or Internet users doubles, then that doubles the number of connections in which you can participate. But in fact Metcalfe postulated that the total value of the network actually goes up by a square of that number, in this case a factor of four.

In any network economy, once you hit about 20 to 30 per cent interconnectedness, whether it's on the telephone or on the Internet, you witness a dramatic acceleration in participation, because anyone joining the network gets a big increase in the relative returns joining vs. the returns to the early adopters. In the last two years, we've just hit that threshold in the United States. We're hitting it in Europe now and we'll be hitting it in the developed parts of Asia over the next 18 months to two years. The value of being networked is something many of you have probably experienced as you've come on-line with e-mail and other activities.

So you see, three very simple laws govern Internet development—laws that I believe everyone should be able to understand. I had the opportunity a few weeks ago to go to my first-grade daughter's class and try to explain these three laws. I had been chatting with her teacher and said I thought I could explain the Internet to six-year-olds. So she took me up on it. Fortunately, I have a little technological toy I bought last summer called "AIBO," which was Sony's first programmable robot. AIBO is a robot dog that can be set in a learning mode so that it learns from its environment not to fall downstairs, for instance, or how to right itself, or how to respond to commands—including chasing a little pink ball, which my daughters love.

I took AIBO to the six-year-olds at Rosedale Elementary School, and they got to play with it and see how it learned in real time. I asked: "What would you like AIBO to be able to do that it can't do now?" They wanted it to chase cars and to chase cats. To come when they call. They wanted it to be cuddlier and have fur so they could take it to bed, and so on. They made a wonderful list.

Then I tried to explain Moore's Law to them. I told them that in 18 months, towards the end of second grade, there will be a new generation of AIBO and it will be twice as smart as this one. And 18 months after that, when they're in fourth grade, there will be another AIBO that's twice as smart as that. And then by the time they reach the eighth grade, AIBO will be about 16 times as smart as today and will actually be able to do most of the things they're talking about—provided its vision recognition and movements improve at the same rate. To which one of the kids said: "Gosh, by that time he'll be smarter than my Dad." (That was not my daughter, fortunately.)

It is not difficult to grasp intuitively the intellectual underpinnings of the latest advances in technology and understand what's driving the change. What is difficult is appreciating what this revolution means for our daily life and our business lives. The inexorable progress of Moore's Law, falling telecommunications costs, and Metcalfe's Law, which seem predictable and readily understood in and of themselves, are creating a sense of enormous speed and huge discontinuity in our businesses and daily lives. Balances are being tipped very quickly; whole industries are being upset overnight.

We see this in the music business. Many of you have bought music on-line from CD-Now or from Chapters in Canada, or from a variety of sites, and some of you may have even gone to an MP3 site and illicitly downloaded a tune that you haven't paid for. The fact is, in our personal lives, the music revolution is moving very quickly. Those of us who are over 40 perhaps don't see it as clearly, but my oldest daughter Lauren, a first-year student at McGill, came home at Christmas and pronounced CD stores dead although they're still a good place to browse for what you want to download from your MP3 site. Her favourite is Napster, so I went there and found there wasn't a popular tune that I couldn't download for free.

The fact is that kids in university today are doing this by the thousands, by the tens of thousands. There's one fellow in Lauren's dormitory at McGill who has 13,000 tunes downloaded from the Napster. So you really don't have to go to the Napster any more; you just go to his room.

This is a huge windfall for consumers, but what does this mean to the businesses involved? The music industry is reeling. Even if they succeed in closing the Napster site, how can they hope to stop all the new models of distributing digital content?

There are dozens of established corporations feeling the effects of this underlying technological change, which has the ability to cause dramatic discontinuities, when suddenly its power—the computing power, the telecommunications power, the information power—is applied to specific businesses. The result is that huge new winners can be created overnight, and huge losers as well.

In discount brokerage, companies like E-Trade and Ameritrade came out of nowhere. A few people knew Charles Schwab five years ago. But last year, these on-line players accounted for 15 per cent of the discount brokerage industry. On-line players will increase to over 25 per cent of the industry this year.

The Boston Consulting Group participated in a recent U.S. survey of households with an income of over $100,000 and discovered that 15 per cent of these households said their primary financial relationship is now with an on-line broker—not a bank or an insurance company. I'm sure the Canadian statistics aren't that different, although in Canada our banks are the leaders in the field and have been able to build strong businesses.

Quite simply, the tectonic plates supporting our economy are shifting in very fundamental ways. In the U.S., BCG has a research partnership with Shop.org, an on-line retailers' association, that recently released our new detailed bottom-up census of on-line consumer spending at retail sites. We found there was $33 billion of on-line retail activity in the U.S. and Canada last year. That amounted to 1.4 per cent of all consumer transactions, including travel, brokerage, books and the rest. This was up by 120 per cent over 1998. Our projection for on-line transactions this year is $61 billion, which would account for 2.4 per cent of the North American business-to-consumer economy. This is enormous.

Now, you may not think a 1-per-cent change is that significant, but given the margins these businesses operate on, a one-, two- or 3-per-cent change can translate into 10- or 20-per-cent change in the margins of a bricks-and-mortar store chain and move it from black to red.

In some industries we're already seeing that happening. Over 8 per cent of all the books sold in the U.S. last year were sold on-line. And those people who are still in the terrestrial book business have seen their growth plans dramatically curtailed.

But the business-to-consumer space is actually the smallest part of the story. Business-to-business e-commerce is the much bigger part. In fact, business-to-business e-commerce is already seven times greater than consumer spending on e-commerce. Last year, there was over $200 billion in business-to-business e-commerce. And by 2003, 24 per cent of all North American business-to-business sales will be done on-line to the tune of $2.8 trillion.

We're seeing a complete revolution in the way we manage ourselves in the business-to-business space. We've only seen the beginning of cost savings, which will ripple through the whole economy. Transaction costs in these on-line marketplaces will fall by as much as 65 per cent because there will be no more paper invoices and no having to double and triple check something that has been copied two or three times. Purchasing costs will fall by as much as 15 per cent in some cases because now, instead of five suppliers, I can have 100 suppliers and standardise the way that they bid for the business on-line.

In many sectors, there's an Oklahoma-style land rush on right now to create on-line exchanges for different industries. The Auto Exchange owned by Ford, GM and Daimler Chrysler is a prominent example. The big players are wondering: "Should we create our own exchanges, or do we watch some dot-com outsider do it?"

There's also a huge revolution in customer support. Cisco was one of the first companies to put all of their customer relationships on-line and they've already taken 80 per cent of the traditional cost of serving a customer out of their customer service operation. Customers now self-configure their Cisco switches and use the catalogue to do much of the work, such as ordering, that was formerly done by the sales person. Interestingly, Cisco didn't lay off sales people during this transition. They just redeployed their sales force, getting them to focus instead on selling Cisco as the best vendor.

Finally, there are many administrative activities inside companies, such as human resources, recruiting and administration, which will be outsourced—and are starting to be outsourced—to on-line vendors who specialise and do the job faster and better.

Where does all this leave Canada? The Canadian E-Business Opportunities Roundtable took an in-depth look at Canada's position in the e-business economy last year. And it found, for the optimists and the pessimists among us, that the glass is both half-full and half-empty.

On the positive side, there's over $28 billion in Internet-related business already happening in Canada and 95,000 jobs that we can directly attribute to the Internet economy. The big success story is our Internet infrastructure industry, where companies like Nortel, JDS Uniphase and many others have built large and successful businesses in Canada. In fact, this is the only area where the ratio of U.S.-to-Canadian activity is less than the overall ratio of the two economies, with the U.S. about 14 times bigger in total gross domestic product than Canada. There's only about eight times as much activity and infrastructure for the Internet in the U.S. as there is in Canada.

But in applications, the U.S. has over 100 times the activity in Canada, and in pure e-commerce, 38 times the business activity—far above the kind of ratios you might expect from the relative sizes of the two economies. In the U.S. today, there are 1.5 million direct jobs in the Internet economy, not including the multiplier effects, which is 15 times the size of its Canadian counterpart.

Now, the glass is half-full in the sense that we're doing well in many areas relative to other parts of the world. The U.S. is the leader in e-business, but relative to other countries, particularly those in Europe or Asia, Canada looks quite good. In fact, we share with Finland the distinction of being the two most connected economies in the world.

We have a great platform for building our Internet economy. The challenge, though, is strategic. It's also attitudinal. How can we come together as a nation and a business community to tackle this opportunity?

Andersen Consulting surveyed Canadian business leaders last year about the Internet and found that 67 per cent felt the Internet will mean lost customers to their industry. That's a problem. A much smaller number, 21 per cent, said it was a big threat overall. Only 29 per cent said that doing anything about it was a high priority.

There are lots of opportunities here, but there are enormous threats as well. In the Roundtable Report, we identified five opportunities that play to Canadian strengths in e-business. The first, which I've already talked about is infrastructure: we've done a good job of building the equipment and the software to run this global Internet. The second is the opportunity to build what we called "Multi-Media North," based on the many Canadian companies that have the capability to build the Web sites, create the graphic interfaces, user systems, and so on. Here, we have some Canadian leaders in companies like Cyberplex, which are growing very aggressively. We also have a heritage in animation and a range of other multi-media skills in our universities and colleges that support the entertainment industry.

The third opportunity is to become a centre for "Global Customer Care." Customer care includes on-line phone service to help consumers with their orders, as well as the ability to respond to customers by e-mail. As telecommunications costs plummet, many of these customer support services can be handled anywhere in the world. Canada, with its high immigration, large number of spoken languages, highly skilled work force and relatively higher unemployment than the U.S., is a great location for these Global Customer Care centres. And, unlike many businesses that tend to be clustered in Toronto or Montreal or Vancouver, those centres could be built or networked in our outlying regions.

A fourth opportunity exists in remote services. The Internet will take many things that used to be local and make them global. Education is one example. Through the Internet, people will be able to study all over the world. Canada already has a lead in remote education because we're spread out geographically and we've had to find ways of dealing with distance. We have over 1,800 on-line courses available today in Canada, more than any other country of its size. This represents a huge opportunity if we can get the public and private sectors to work together so that what is essentially public infrastructure can be infused with the entrepreneurial skills, risk capital and drive of the private sector.

Finally there are the Web tools themselves. We're fortunate to have a software heritage in Canada and many small companies currently engaged in creating software for the Web. Because this is a business where scale is not a prerequisite, we're not necessarily disadvantaged. A few enterprising people with the right skills and creativity can make headway in something as small as Web software.

On the Roundtable, we had some companies like Louise Guay's Public Technology Multimedia, which have made real breakthroughs in that area. Her firm in Montreal developed the software technology for virtual modelling that Land's End uses. So if you go to this site and see a virtual model trying on clothes, remember that's Canadian-made technology.

Despite these clear e-business opportunities in Canada, there are several factors that keep us from capitalising on them. One of the major impediments is attitude. Our business community has not recognised that there's an enormous opportunity ahead and huge threats too.

Another thing that's missing in Canada is the recognition that regional clustering is endemic to economic success in high-tech businesses. In Canada we have a tendency to want to spread everything out like peanut butter: every community gets the same opportunity. But there's a real logic to co-location in some kinds of businesses, particularly e-businesses. Emergent e-business clusters need to be nurtured, not sprinkled across the map.

We also need to change attitudes about early-stage venture capital. Overall, Canada isn't lacking in venture capital. Yet not enough funds are directed to the critical early stage of entrepreneurial development. And it's not just money; it's participation. What we don't have in Canada is a deep heritage of participative venture capitalists, the kind in Silicon Valley who roll up their sleeves, put the companies together and make the ventures happen. As a result, many of our entrepreneurs and on-line ventures have had to go south. For example, when the book chain Chapters went on-line, they turned to Sequoia, a venture capital company in Silicon Valley, to raise capital and more importantly access expertise.

Fortunately we're seeing the emergence of a number of new participative venture capitalists in Canada, like John Eckert, Vernon Lobo and others who were on the Roundtable. But this is an apprenticeship business. It will take time. And if we really want to make it grow fast, we need to attract back to Canada some of the talent that's left us and attract foreign venture capitalists to participate as well.

It's going to require a shift in government, not just corporate, philosophy to help create a vibrant entrepreneurial environment. The Roundtable raised a number of issues concerning stock options, treatment of foreign venture capital, and capital gains tax that have an enormous impact on the willingness of venture capitalists to participate in the local market. In the last federal budget, some of those issues were addressed, but others still need to be tackled.

As I said, a lot comes down to attitude. I was with a Canadian executive recently who told me this story, which is actually an old joke recently resurrected for the Internet age. It seems three business executives are kidnapped by anti-World Bank terrorists who threaten to shoot their hostages at dawn if their demands aren't met. Well, dawn comes, the demands aren't met, so the executives—a Frenchman, a Canadian and an American from Silicon Valley—are told they each get one last request.

The Frenchman asks for a sumptuous meal, complete with dessert, and a French chef flown in to prepare the feast. He even picks out a special bottle of Bordeaux.

Then the American from Silicon Valley says: "I'd like to make one last speech about Silicon Valley, how it's a magnet for the world, how it's a Mecca for entrepreneurs to come and try their luck, how it's the one place in the world where you can succeed on merit and good ideas alone, and how it's the place you have to be."

And finally they turn to the Canadian business executive, who says: "I have a simple request: I'd just like to be shot before the American gives his speech."

This tale illustrates a fundamental ambivalence many Canadians feel about the U.S. high-tech success. We tend to watch the American hyper-phenomena with a mix of attraction and revulsion. I don't think it has to be that way. We don't have to adopt the elements that are unappealing. Think of the Internet economy as a menu from which we can select the parts we want to use or develop. The parts we should be focusing on are those that will trigger a surge in entrepreneurial activity and allow our young people to participate more fully in this new economy.

The Internet does signify the death of hierarchy and, in some sense, the death of experience. As a 44-year-old management consultant, I do not necessarily have better or more relevant ideas than a 25-year-old who has just joined our firm and has had a couple of years of dot-com experience. We must create an environment that unleashes that energy, that creativity, and that potential.

The Roundtable focused on six ways of accelerating Canada's leadership in the Internet economy. One was creating a spirit of leadership; e-business is one area where Canada can truly rise to the occasion. This is an area where we start from a very high plane because of our already strong infrastructure capabilities and because of our history.

Second, we need to get our traditional industries into the game. Shame on us if our manufacturers and our retailers aren't leaders here, when Canadians are on-line even more than Americans.

Third, we've got to create a climate that attracts venture capital and helps companies quickly move through the stages of business development and takes them to the initial public offering stage. Getting the blockages out of the business development/IPO pipeline involves, in part, tax policy. But it also comes back to the rules on the Toronto Stock Exchange and the way the securities commissions participate in the economy.

The educational community has a role to play in addressing the shortage of well-rounded talent in this country. We must convince our young people, our students in high school, that they need to master technical literacy but also much more besides. They need to be well-rounded in their education and learning abilities. They need to be proficient in reading, writing and math. I'm one of those executives who believes in a liberal arts education. I studied philosophy as a matter of fact. The liberal arts matter. But our youth also have to have technological literacy.

We also need a digital government that is truly committed to making Canada a leader in the new economy, a government that commits itself to being the most advanced on-line in every way that it delivers services. If we have that kind of public-sector leadership, it will make an enormous difference all across the economy.

Finally, we need to become a magnet for talent, the way Canada has been in the past. Consider these immigrants.

In 1948, at 20 years old, Peter Munk left Budapest for Toronto. Peter Munk, of course, founded Barrick Gold.

In 1951, 23-year-old Robert Shad left Austria and came to Canada. He only had $25.00 in his pocket from his uncle and a letter of reference from Einstein. He's the founder of Husky Injection Molding.

In 1954, 22-year-old Frank Stronach, the founder of Magna, emigrated from Austria.

In 1964, Michael Cowpland, 21 years old, arrived in Canada and later co-founded Mitel and created Corel.

How about Terry Matthews, who left Wales in 1969 at the age of 26, and started Mitel with Cowpland and then founded Newbridge Networks.

Or Ken Rowe, the founder of IMP, one of the biggest technology companies on the East Coast, leaving Essex, England in 1964 at the age of 30.

This is when immigrant entrepreneurs make their moves: under the age of 30!

Unfortunately, there's probably another list exactly like this one of Canadians who have moved to Silicon Valley and New York in the past 15 years and founded companies. The C.D. Howe Institute reported that 10,000 of our best, brightest and most experienced technology graduates are leaving the country to the U.S. each year, and a further 20,000 go abroad to other countries. Now I know StatsCan has countered with numbers that show some 40,000 people with advanced degrees coming into the country, so we lose 30,000 and get 40,000. But I'll tell you, those 30,000 who've left are often the best in their fields and in many cases are people who already have a business idea and are going to find financing for it somewhere else.

This is the most central challenge, but one Canada has faced before. I love Canadian history. As an immigrant myself I've gone back and looked for parallels. You've got to go a long way back, but the parallel is there. It was 1879, right after the founding, when the country was faced with enormous economic opportunity and it came together around a national policy. High tariffs to build Canada's new young industries (I'm not calling for that today, of course!), a trans-continental railway to open up the West, and an immigration policy that would give people a chance, an enormous opportunity.

Today the world is different in some fundamental respects. Notably, we have a free-trade environment. The railroad has been replaced by the Internet and the technological revolution I have talked about. What we now have to put in place is the equivalent of a new national policy. But it won't be driven top-down. It's going to be bottom-up from the people and from the business community, working in partnership with government where appropriate.

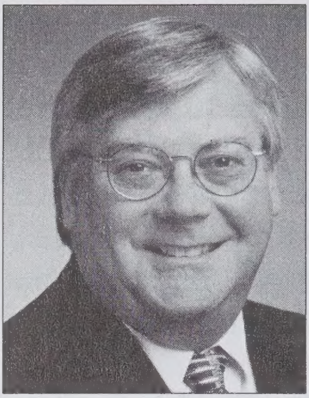
I think the Roundtable has planted many of the seeds for that new national policy. But it's not something that's done with one report, one speech or one message. It requires all of you, all of us, to get involved.

The Roundtable is leading by example. We've set up six teams of private-sector leaders to roll out the Roundtable message in a variety of forms. We're taking the message on the road to all parts of Canada. And we're setting up meetings outside Canada—in Silicon Valley and in New York—to entice entrepreneurs and venture capitalists to come here.

We've reached an important economic juncture, a defining moment in Canadian history. The Internet revolution we are feeling on the surface of our lives is a swift, powerful current that is moving at a much deeper level. It has already wrought deep changes and created clear, compelling opportunities. If we grab hold of those opportunities, there will be a huge and lasting upside in terms of wealth creation for all Canadians. The question is: "Do we have the will to seize it?"

Thank you very much.

The appreciation of the meeting was expressed by Ann Curran, President, Curran Corporate Advisors and Second Vice-President, The Empire Club of Canada.



April 27, 2000

Mark Lievonen

President, Aventis Pasteur Limited

COLLABORATIONS: CANADA'S NEW NATURAL ADVANTAGE

Chairman: **Robert J. Dechert**
President, The Empire Club of Canada

Head Table Guests

George L. Cooke, President and CEO, The Dominion of Canada General Insurance Company and Immediate Past President, The Empire Club of Canada; The Reverend Philip Barstow, Rector, St. Philips-on-the-Hill Anglican Church, Unionville; Marco Giovanazzo, OAC Honours Student, Central High School of Commerce; Dr. Michel Julius, Department of Immunology, University of Toronto; Joyce Groot, President, BIOTECanada; Daniel Burns, Deputy Minister, Ontario Ministry of Health and Long-Term Care; Catherine Steele, Vice-President (Toronto) and Partner, GGA Communications and President-Elect, The Empire Club of Canada; Dr. Colin D'Cunha, Director, Chief Medical Officer of Health, Ontario Ministry of Health and Long-Term Care; and Dr. Alan West, Partner, Gowling Strathy & Henderson.

Introduction by Robert J. Dechert

As President of Aventis Pasteur Limited, Mark Lievonen is responsible for all of the company's operations in Canada and is a member of Aventis Pasteur's global strategic planning committee.

Mr. Lievonen first joined Connaught Laboratories, as it then was, 16 years ago. Since 1990, Mr. Lievonen has held a number of senior management positions and has been responsible for the company's overall commercial operations.

Prior to his appointment as President, Mr. Lievonen was Senior Vice-President and General Manager of the Oncology Business Unit. He was responsible for the strategy and funding of Aventis Pasteur's cancer vaccine programme and the global marketing and sales of cancer immuno-therapeutic products.

Mr. Lievonen holds a Bachelor's and an MBA degree from York University. He is also a chartered accountant.

Mr. Lievonen is the Vice-Chairman of BIOTECanada. He served as a member of the Canadian Liver Foundation's Board of Directors from 1995 to 1998.

Ladies and gentlemen please welcome Mr. Mark Lievonen to the podium of The Empire Club of Canada.

Mark Lievonen

Thank you for your kind introduction President Dechert. Fellow head table guests, ladies and gentlemen, I am honoured to be here and to be joined by such distinguished head table guests.

I want to thank all of you for taking time out of your busy lives and your own collaborations to join me here today.

The organisation which I have the privilege to lead, Aventis Pasteur, is Canada's—and the world's—largest vaccine company. Some of you may know us better by our former name, Pasteur Merieux Connaught or perhaps as Connaught Laboratories.

In December our parent company, Rhône Poulenc, merged with another global leader in the life sciences field—Hoechst—to form Aventis, with Aventis Pasteur being the vaccine business unit.

But more importantly, this merger is a powerful example of collaboration; in this case, global collaboration. In fact, if intention and commitment are present, mergers, if managed properly, can open the door for extraordinary collaborations.

I would suggest that our country has the natural ability to harness a resource we seem to share as a people—our collaborative nature. Collaboration among business, government and academia needs to be embraced—not feared—as a means to address and solve the problems and issues we face, and I would argue, we already do this successfully.

But first, here's some additional information about Aventis Pasteur which provides a clear example for my belief in Canada's ability to collaborate for success.

Aventis Pasteur is the vaccine division of Aventis, a world leader in life sciences. For over 80 years Aventis Pasteur has protected Canadians against preventable disease. That remains our central mandate.

Aventis Pasteur produces more than one billion doses of vaccine every year. The Canadian operation is vitally important to the global company, employing a highly skilled work force of approximately 1,000 people who research, develop and manufacture vaccines and other biological products, not just for Canada, but for markets around the world.

One recent example of our own collaboration's positive impact here in Canada concerns our Canadian operations. I am pleased to announce today that approximately $40 million capital investment for new and retrofitted facilities is being injected into our site here in Toronto. This represents a strong endorsement from our global headquarters for Canadian research and development, Canadian talent and the Canadian operation overall.

I am certain we would not enjoy our leadership position were it not for collaboration.

From my own experiences I've learned that through collaboration the extraordinary can happen. By extraordinary, I mean that through collaboration you can generate something unexpected once you tap into the collective wisdom of all the many resources available.

Stellar examples of that collective wisdom are sitting at this head table. I can safely vouch for that because my company enjoys several productive collaborations with organisations represented by several of the distinguished head table guests. They represent partners in technology, in research, in business and perhaps most importantly collaboration with our customers.

For example, we are finding that through an ambitious, global collaboration we can manifest a Canadian-inspired dream of creating a whole new approach to treating cancer: cancer therapeutic vaccines. It's an approach that could dramatically change the lives of cancer patients and their families around the world.

Moreover, in the life sciences industries collaboration is an imperative for success, because it is next to impossible for any one company to develop all the necessary technologies for leading-edge solutions to problems.

We are not unique: outside our industry one only needs to refer to the software and high-tech industries to witness similar patterns where strategic alliances and global mergers are a daily occurrence.

It seems that despite the "techno-turmoil" in the markets these days, many investors make purchase decisions based on strategic alliance announcements, knowing that the power of such alliances unleashes opportunities such as new markets, new sources of revenue and new technological breakthroughs.

Simply put, no one has all the answers; and one of the obligations of leadership is to identify partners with whom to collaborate to piece together a complete solution.

Indeed, at the risk of being self-serving, the early versions of our company were well ahead of their time in forging powerful collaborations. Our company's history dates back 85 years—to the beginning of vaccine production in Canada.

Let me explain by an example from our past. It's actually a little known, but heroic Canadian business achievement involving collaboration in the early 1900s.

An idealistic and visionary young doctor built a tiny stable just north of here, near the University of Toronto, and began to inoculate four horses with diphtheria bacteria, which was his first step in preparing the lifesaving antitoxin.

A tragedy ignited this pioneering spirit: the young doctor was out on calls visiting patients. Medicine was extremely expensive; patients were mostly poor. In one instance, a family had to choose which one of their two children would receive medicine they both needed; there was only enough money for one child to receive the medicine. The other child died.

Dr. John Fitzgerald, a Canadian, became committed to making life-saving medicines available to all, regardless of economics and geography—a vision shared by Dr. Louis Pasteur, under whom he studied.

Since knowledge is as vital as medicine in the fight against disease, Fitzgerald travelled the world to study how others responded to these life threats. He came home to Toronto and founded Connaught Laboratories.

Connaught was part of the University of Toronto for 60 years. The labs trained and spawned generations of world-renowned, Canadian researchers and doctors who contributed to ridding the world of the deadliest diseases, including the very accomplished Drs. Banting and Best. It continues to do so to this day.

This humble initiative which began in a barn was one of the essential building blocks for my company, and it eventually ignited a whole series of initiatives and collaborations involving the Governments of Canada and Ontario, the University of Toronto, the World Health Organization, the renowned Pasteur Institute in Paris and Brussels and the Rockefeller Foundation.

Today these powerful collaborations continue to thrive in many ways such as our recently announced $3-million Aventis Pasteur Chair in Human Immunology at the University of Toronto and our ambitious, Canadian-led global initiative to find and produce therapeutic vaccines for certain types of cancers. In this programme, our strategic partners include the Government of Canada and the Province of Ontario, that are directly contributing to Canadian research and development, allowing Canadian talent to stay here and practice what they love to do in the country they love to live in.

On the international scene our Canadian organisation plays a significant role in the many global partnerships our company is involved with. Through our International Public Health Affairs staff, under the direction of Dr. Luis Barreto, we have a mandate to collaborate directly with a large number of major international public health and financial organisations. These include the Global Alliance for Vaccines and Immunization, or GAVI as it is called—an alliance of business leaders, philanthropic foundations and international agencies committed to energising the world's commitment to vaccines and immunisation for children. Recently, GAVI announced the Children's Challenge, an initiative funded in part by a $750-million donation from the Gates Foundation to save children's lives around the world. We are proud to partner with such organisations.

We are also proud to have recently announced our donation of some 50 million doses of oral polio vaccine to assist in the global eradication of this dreadful disease. Aventis Pasteur's donation is specifically earmarked to five countries in conflict in Africa—countries that remain reservoirs for the spread of polio.

For the next few minutes I will share a list of some of my personal requirements for collaboration. They could also apply to leadership in general. Here is my list—which is by no means exhaustive nor complete—of collective and individual requirements for collaboration.

1. Clearly establish a vision.

Vision is an absolute imperative. To paraphrase an old Chinese proverb, unless you declare the future you want, you will end up somewhere else.

So when I speak of vision I mean a concrete result at a point of time in the future. The result is measured qualitatively and quantitatively. Ideally a vision is also conceived without limits; present-day realities only impair people's vision of the future. Limiting assumptions need to be set aside.

When I was asked to lead our global cancer vaccine initiative, we started with a vision to develop and commercialise a series of therapeutic cancer vaccines. That vision grew when we collaborated with a sister company, at that time called Rhone Poulenc Rorer, to become a combination of our immunotherapeutic approach with their chemotherapeutic approaches in a complementary manner in the treatment of cancer.

Nobody in the world has done that yet. None of the established cancer companies have such a partnership.

And the potential benefits to all are huge: new approaches to the treatment of cancer will at the very minimum improve the quality of life for patients and families; innovation attracts, retains and ignites employees; financially the potential is in the billions.

And because the cancer vaccine initiative is a Canadian-led, global one, we are able to invest in Canadian research and development and help stem the flow of outstanding, highly skilled talent to the U.S.

So massive, so ambitious is this dream that it would be impossible for one company—even with our additional strength through the new Aventis merger—to embark on this journey without the support of many others.

I think the lesson here is clear: the bigger the vision, the more you need to collaborate.

The bigger the vision, the more you need to collaborate and regardless of size, you'll always need a rigorous plan, which leads me to my second requirement for collaboration.

2. Clearly establish and commit to a plan that's rigorous, meticulous and grounded in a way that will be understood by a 12 year-old.

A little while ago, I read that "successful collaborations are dreams with deadlines."

It was in a recent Fortune magazine article entitled "Why CEOs Fail." I figured that I'd better read it just in case there was something I was missing! Anyway, the magazine conducted research on several high-profile executives who they claimed failed for a similar reason.

What the research uncovered was that while many leaders created a powerful vision, their follow-through—the execution—was weak. There was little or no plan to manifest the vision. And when a plan existed, the article informed, it was often vague and unaccountable.

In some meetings at our company we've had people come and share their perspectives on various issues and problems. People tended to "throw" the issues on the table and we would start to "chew" on them. We would then criticise ourselves when we couldn't make a decision out of this morass of information.

So now we've employed a "Fact-based decision-making process." Perspectives are laid out in advance on paper, identifying the issues, background, alternatives and recommendations for going forward.

This may seem simple, but it's amazing the clarity that results when people document the issues in advance, and then have something concrete to refer to. This aids understanding, speeds decision making and minimises conflict. Agreement on the underlying facts and assumptions up front becomes the critical component. You quickly learn that collaborative skills are vital for success.

By the way, the reference to a 12-year-old is not to diminish children nor the intelligence of adults: it is a guide to consider when you are speaking to multiple people, cultures, languages and skill sets.

3. Identify and recruit the right people and partners.

The biggest obstacle in creating successful partnerships is not recognising opportunities when they present themselves. Or as Paul Hoffert, the internationally renowned expert on information technology, and one-time member of the rock band Lighthouse, puts it: "The true sign of creativity is the ability to see relationships where none exist."

We must be pro-active in our search for collaborators. They won't necessarily come to our doorsteps. We must reach out and search for people and organisations with complementary skills, roles or objectives.

As I stated at the outset of my speech, collaboration among business, government and academia needs to be embraced—not feared—as a means to address and solve problems and to compete on an international basis. We've proven here at our Canadian site that such an approach works in research and development to the benefit of Canadians and indeed all of humanity.

In the early 90s through the Ontario Technology Fund, we participated alongside the Province of Ontario, the University of Toronto and McMaster University to find vaccines for some very serious infant respiratory diseases, as well as a project on HIV.

Suffice it to say this collaboration has been extremely successful. Although it continues to be a work in progress, I'm happy to report that candidate vaccines have been developed and are at various stages of clinical trial. Aventis Pasteur is now among only a few companies in the world with a candidate vaccine for HIV—a direct result of this collaboration.

Our company's current and past partners include universities across Canada through our Canadian University

Research Program, the National Research Council, the various centres and networks of excellence and the Medical Research Council (now called the Canadian Institute of Health Research). All of these are concrete examples of the infrastructure of people and projects across Canada which have sustained our organisation over the past decade. They have allowed us to compete and maintain a competitive global manufacturing site in Canada with a fully integrated R&D infrastructure to support it and partner with organisations across Canada.

4. Commit to nurturing relationships.

There are many aspects to this. Let me offer just a few.

I remember thinking about what makes people "high performers" on a team. As unscientific as this might sound, they have an "it." This "it" distinguishes them from others. The lights went on when I found out about something called Emotional Intelligence, which I am sure many of you know about.

Very simply put Emotional Intelligence measures character and behavioural or relationship-building attributes, whereas the traditional "IQ" measures Intelligence. Some people have "it," others don't. I believe that's what distinguishes strong performers from others. Sometimes, then, nurturing relationships means building your own or others' collaborative skill sets, such as listening, and dialogue. In our organisation, our employees have very high IQs—higher than that at many organisations given the nature of the work we do. Yet we have our own struggles in getting things done. We are working to bolster the "EQ" level. It is the real key to distinguish those who can or can't perform collaboratively and as team members to get things done.

Another belief I have is about the importance of building collaborative relationships with colleagues both inside and outside a business context.

In my own experience I have several examples where building trust and establishing long-term relationships on a personal level have proven invaluable when issues of potential disagreement arose later on.

And finally the 5th requirement of collaboration: Win-Win.

An unwavering commitment to "win-win" is the foundation for all relationships.

The term win-win is often used, poorly understood and rarely executed well. Sometimes people think win-win means "you can win as long as I win more."

Well, our cancer vaccine programme would not have been able to take off without this commitment driving all our relationships. We have constructed a massive collaboration, bringing together some of the brightest minds in Canada, the United States and Europe. Intimately involved in the collaboration is the Government of Canada through an inspired programme called Technology Partnerships Canada (TPC), as well as the Province of Ontario.

A cornerstone of global collaboration is the Aventis Pasteur Cancer Vaccine Network. After the initiative was announced, a colleague of mine, Dr. Mary Ewasyshyn, criss-crossed Canada to set up alliances with researchers from universities and other institutions. Our approach was a little different from the norm: instead of dictating what we wanted from these institutions, we presented our programme's vision, goals and ideas. We then asked them how they thought they could contribute, how our project could assist them in forwarding their own goals, and then asked each to submit a proposal.

Dr. Ewasyshyn and her team visited over 30 institutions across Canada; most submitted proposals. Today, we have successful collaborations with several outstanding researchers from prestigious institutions across the country, including the National Research Council, Sunnybrook and Women's College Health Sciences Centre, Mount Sinai Hospital, Dalhousie University, and the University of Manitoba.

The result is new research and clinical jobs as well as increased manufacturing capacity. As well, this home-grown research helps stem the so-called "brain-drain" and significantly bolsters Canada's scientific knowledge. Aventis Pasteur wins, the government wins and the institutions with their highly skilled researchers win. But the ultimate "win" of this Canadian-led, global collaboration is the potential for saving people's lives and improving the quality of their lives.

Indeed some of the most satisfactory partnerships that a company such as ours can have is with non-profit and non-governmental organisations. Organisations such as the March of Dimes, The Canadian Pediatric Society, Canadians for Health Research, The Canadian Public Health Association and the international medical charity, MAP International, are just a few of the many partners we are proud to work with to multiply our individual ability to "do some good" in the world.

To conclude, collaborative skills are the new imperatives of a leader's tool kit. Collaborative skills are relationship-based and when employed correctly will generate profound results—quantitatively and qualitatively.

And I'm convinced that without collaboration, possibility shrinks, innovation is extinguished and energy drains. But with collaboration the extraordinary is available, like creating a promising approach to treating one of the greatest scourges of the world through vaccine therapy.

It is important to teach collaborative skills early, too.

Earlier I cited a collaboration in the early 90s involving the Ontario Technology Fund, the U of T, McMaster and our company which involved various research and development initiatives that are today bearing fruit; most noticeably part of the research which has led to a candidate vaccine for respiratory diseases.

Something else was created as a result of that collaboration. Indirectly it's a legacy of this collaboration. The Technology Fund organisers wanted to help the public understand science. The result of our company's efforts then to improve education and awareness of science has led to an exciting programme today.

Together we created the Aventis Biotechnology Challenge, a programme to help Canada's youth explore the endless possibilities of research and development in Canada. Collaboration, dialogue, mentoring and alliance building are all invaluable character and skill assets students gain through this learning experience.

It's designed to introduce students from across the country to the joy of biotechnology and research, where participants work with mentors for coaching and to experience the "real world" of scientific research and development, applying it to their projects.

Now over 100 organisations participate in this learning incubator, which we've had the privilege of leading for six years. Last year this programme was awarded the Michael Smith Award for Science Promotion, named after one of Canada's Nobel Prize Winners.

Through collaboration among business, government, academia and others I believe the country can address many daunting, chronic issues, among them the so-called "brain-drain" as well as bolstering productivity and redeveloping a system of public health and wellness care second to none. And that is only the start.

However, the temptations to follow other paths which undermine collaboration—expediency, prejudice, self interest, control, no listening, win-lose and scores of others—are seductive, powerful and ever present.

I'd offer that it is our commitment to the practice of collaboration that will determine our success in competing globally. This is as true for our company as it is for our country.

The good news is that Canada's collaborative resources are as abundant and natural as water, wood and hockey pucks.

Before I conclude I know many of you will be interested in our progress concerning the collaboration for our cancer vaccine initiative: I can report that results to date confirm that our original vision is viable; moreover, early clinical trials using cancer vaccine technology are promising. I hope that in the not-too-distant future I will be able to report to you that our vision has been realised.

Just two weeks ago, at the Sunnybrook and Women's College Health Sciences Centre, patients started receiving a Canadian test vaccine against melanoma. This is a major milestone, a tribute to Canadian research and development and a powerful example of Canadian collaboration and a contribution to humanity.

However, as I have said in interviews before, we can cure all the mice in the world of human cancers that they will never get; it is quite another thing to treat humans of these same cancers. I believe it will just take more outstanding collaboration.

Thank you for allowing me to share my own experiences about collaboration. And I thank the many people at the head table and in the audience who have contributed immeasurably to these stories. Thank you.

The appreciation of the meeting was expressed by Catherine Steele, Vice-President (Toronto) and Partner, GGA Communications and President-Elect, The Empire Club of Canada.

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Annual General Meeting

President's Report

April 27, 2000

Chairman
Robert J. Dechert, President

Robert J. Dechert

In accordance with our Constitution I am pleased to report on this year's activities.

The total membership of The Empire Club of Canada is 911 paid-up members in good standing. The breakdown of categories of membership is set out in the written report which you should have at your tables.

Attendance

A total of 32 meetings were held over the last year having an average attendance of 191 attendees per meeting.

Finance

I am pleased to report that the finances of the Empire Club are in good shape and that due to significant corporate sponsorship of our luncheon events we have netted a significant increase in revenues over recent years.

This success has enabled us to hold the line and resist increases in our membership or luncheon fees and has allowed us to offer a wide range of speakers from the worlds of public affairs, charity, the arts, sports and business.

The financial statements for the year ending April 30th will be presented to the Board of Directors. The audited financial statements will be published in the 1999–2000 Yearbook.

General Comments

It has been both an honour and a privilege for me to serve as President of this very special Club during the last 12 months.

It really is amazing how quickly time flies when you are having fun. It seems like only yesterday when I was first standing and stumbling before you.

I believe that we have had a very good year. We have had the opportunity to listen to some extraordinary speakers on some of the most important issues of our times.

Some of the highlights of the year include:

1. Premier Mike Harris;
2. The Rt. Hon. Ramon Hnatyshyn who gave an impassioned "Canada Day" address on what it means to be a Canadian;
3. The Hon. Lloyd Axworthy;
4. Lynda Cranston of Canadian Blood Services;
5. Ron Bremner of the Calgary Flames on the plight of small market hockey teams in Canada;
6. Dr. Viktor Orban, the Prime Minister of Hungary;
7. Jeanne Lamon, the Music Director of Tafelmusik;
8. Sheelagh Whittaker of Ed's Systemhouse Canada;
9. Our annual Financial Forum with three top mutual fund managers;
10. The Hon. Stockwell Day;
11. The Hon. Roy Romanow;

12. Simon Witts of Microsoft Canada;
13. The Hon. Tony Clement; and
14. Author David Frum

...to name a few.

As you know the Empire Club is a volunteer organisation the success of which depends heavily on the generous donation of time by its members and directors.

I am grateful to all of our Directors for their support and in particular to the tireless efforts of Ed Badovinac, Sandy Cameron, Willis Blair, John Koopman, Catherine Steele, Blake Goldring, George Cooke, Gareth Seltzer and John Campion without whom the show could not go on each and every week.

I am so grateful to Debbie Testa and Colin Wickham for their efforts in the Empire Club office.

And I want to thank each of you for supporting our events and continuing to make the Empire Club the foremost speakers' forum in Canada.

Thank you.

Respectfully submitted,

Robert J. Dechert
President

Report of the Nominating Committee

April 27, 2000

George L. Cooke

Mr. President, fellow directors, distinguished guests, members of The Empire Club of Canada. It is my pleasure, as Chairman of the Nominating Committee, to report on the work of the Committee which was constituted in accordance with Article III of the Club's Constitution.

Nominating Committee

The following persons served on the Committee:

From the Board of Directors:
- George L. Cooke, Chairman
- Ann Curran
- William D. Laidlaw
- Gareth Seltzer
- Catherine Steele

From the membership at large:
- George Anderson
- R. Doug Hogan
- John C. Koopman
- Catherine Charlton
- Fredrik L.R. Jackman

Honorary Officers

The Nominating Committee is pleased to report that the Honorary Officers nominated for the 2000-2001 season will remain as follows:

Honorary Chairman
The Hon. Henry N. R. Jackman
C.M., KSt.J., B.A., LL.B., LL.D.

Honorary President
The Rt. Hon. Roméo LeBlanc
P.C., C.C., C.M.M., C.D.
Governor General of Canada

Honorary Vice-President
The Hon. Hilary M. Weston
Lieutenant-Governor of Ontario

Honorary Chaplain
The Rt. Rev. Terence E. Finlay

Honorary Secretary
The Hon. David Crombie

Honorary Treasurer
Hartland M. MacDougall, C.V.O., O.C.

Honorary Solicitor
The Hon. William G. Davis, P.C., C.C., Q.C.

Archivist and Historian
Angus Scott

Honorary Directors

It is the recommendation of the Committee that the following continue as Honorary Directors: Leland H. Ausman, Mary. R. Byers, The Hon. Barnett J. Danson, P.C., Major William A. Duncan, C.D., A. Carlyle Dunbar, Montague Larkin, C.A., William J. McCormack, C.A., Angus Scott, Larry Stout, J.A.William Whiteacre, M.M., C.D., Q.C. and William Whittaker, Q.C.

In addition to these the Committee would like to recommend a new Honorary Director: William J. McCormack.

Directors

According to the Club's Constitution "the Board of Directors shall consist of forty members ... including at least four Past Presidents of The Empire Club, one of whom shall be the immediate Past President and three others shall be the three Past Presidents immediately preceding the immediate Past President…"

Therefore, in recognition of this constitutional requirement, the Committee nominates the following Past Presidents as Directors of the Club:

the immediate Past President, Robert J. Dechert

and also George L. Cooke, Gareth S. Seltzer and Julie K. Hannaford.

Furthermore, the Nominating Committee recommends that the following members of the Board of Directors continue to serve in the coming year:

Edward P. Badovinac
Rev. Kim Beard
S. W. (Sam) Billich
Willis L. Blair
LCol. A.G. (Sandy) Cameron
Jocelyne Côté-O'Hara
Blake C. Goldring
The Hon. Thomas Hockin
Duncan N. R. Jackman
Robert P. Kelly
Anne Libby
David Lindsay
David J. McFadden, Q.C.
Bart J. Mindszenthy, A.P.R.
Kenneth B. Rotman
John Sadler
Margaret Samuel, C.F.A.
Ken Shaw
Thomas L. Wells
Gwyne Willmot, L.V.O., AdeC

Resignations

I would like to take this opportunity to pay tribute to Lisa Czach, Fredrik D. Eaton, BGen. Walter Matheson-Holmes, Bruce Sinclair, L. Douglas Todgham, John H. Tory and Sandra Whiting who will not be standing for re-election. All have been of great service to the Club and we are grateful to them.

New Directors

Your Nominating Committee is pleased to nominate the following new members for the Board of Directors:

David Agnew
George Anderson
Heather Devine
Fil Fraser
K.Y. Ho
Denzel Minan Wong

Officers

In addition to the above-mentioned nominees, the Committee recommends the election of the following people who will be proposed to the Board of Directors for appointment to the positions of Vice-President and Director:

1st Vice-President and President-Elect
William D. Laidlaw

2nd Vice-President and Director
Ann Curran

3rd Vice-President and Director
John C. Koopman

The Nominating Committee is pleased to report that C. Alexander Squires will serve as Secretary and that Diana L. Chant, C.A., has agreed to continue as the Club's Treasurer. Both Alex and Diana will also serve as Directors of the Club.

Finally, your Committee is pleased to nominate as President and Director of The Empire Club of Canada for its 2000–2001 season, Catherine Steele.

Respectively submitted,

George L. Cooke
Chairman

The Empire Club of Canada

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Mr. & Mrs. Michael Kehoe
Mr. & Mrs. Peter Kenny
Mr. & Mrs. Joseph J. Kolbert
R. Devine & K. Konkel

Mr. & Mrs. George R. Laidlaw
Mr. & Mrs. William Laidlaw
Mr. & Mrs. Donald H. Lander
Mr. & Mrs. G. K. Langford
Major. & Mrs. A. J. Langley
Mary Stokes & John B. J. Legge
Scott and Silvana Levey
MGen and Mrs. Reginald W. Lewis
Sid Lindsay
Mr. & Mrs. Paul Lucas

Mr. & Mrs. H. M. MacDougall
Bruce & Janice MacMillan
Mr. & Mrs. J. D. McFadyen
Charles & Dorothy McIlravey
Mr. & Mrs. Ross McKee
S. R. (Bud) McMorran
Mr. & Mrs. Robert McWhirter
Mr. & Mrs. D. G. C. Menzel
Harry & Audrey Moidell
Mr. & Mrs. N. B. Monteith
Mr. & Mrs. L. W. Mould
Mr. & Mrs. Peter Munk

Mr. & Mrs. Daniel Nelson
Dr. & Mrs. G. B. Nichols

Allan & Kathryn O'Dette
Mr. & Mrs. C. Richard Oatway

Mr. & Mrs. D. Papavramidis
Mr. & Mrs. Donny Petersen
Mr. & Mrs. Martin Petlock
Mr. & Mrs. Charles Pielsticker
Mr. & Mrs. Douglas R. Porter
The Hon. Mr. Justice J. H. Potts & Mrs. Potts
Mr. & Mrs. Robert Price
Lance & Olga Pugh
B. Kennedy & The Rev. A. A. Puricelli

Mr. & Mrs. Kenneth Redpath
Catherine Allman & Bill Roberts
Bart Mindszenthy & Gail Roberts
Mr. & Mrs. Edward S. Rogers
Dr. & Mrs. Peter Ross

Mr. & Mrs. Thomas H. Savage
Mr. & Mrs. P. H. Scrivener
Mr. & Mrs. N. M. Seagram
Mr. & Mrs. H. T. Seymour
Mr. & Mrs. W. Peter Smith
Norma Meneguzzi & David Spall
Dr. & Mrs. A. Squires
The Hon. Donald & Mrs. D.R. Steele
Mr. & Mrs. G. M. Steele
Bette M. Stephenson
Mary Lou Benotto & H. Douglas Stewart
Rita Smith-Stokes & Victor Stokes
Mr. & Mrs. Larry Stout

Mr. & Mrs. Kuo H. Su
Mr. & Mrs. Gordon S. Sutton

Mr. & Mrs. A. R. Taylor
Mr. & Mrs. Peter Teresko
Andre Tremblay

Mr. & Mrs. Douglas Valentine
Mr. & Mrs. F. Alan Venn
Mr. & Mrs. Philippe Vitu

Glenn & Renee Thibodeau Walker
Mr. & Mrs. J. A. Wm. Whiteacre
Mr. & Mrs. Wm. G. Whittaker
Mr. & Mrs. R. Wilson
Mr. & Mrs. E. Tse Cheong Wo

Student Members

Daniel Andreae

Jason David Baker

Nicole Copp

Julian Dambek

Alexander Edmison

Richard Goodall

David P. Haljan

Kathleen J. Kelly
Cesar J. Kupfer

Richard W. J. LeBlanc

Conrad MacDonald
Brian E. Martin
David Mawhinney
Liviya Mendelson

Michael Pan
Bill Papoutsis

Douglas A. Reid
Walter Dean Rhodes

Vincenzo Spogli
Gregory J. Sullivan

Claire E. M. Tacon

Moin Yahya

Head Table Members

Stephen J. Aldersley
Cardinal Aloysius Ambrozic
B. A. (Bruce) Archibald
Jo-Anne Arh
Robert M. Astley
Meaghan Atherton

David F. Banks
John Gordon Bates
Brian P. Bellmore
Albert V. Benoit
Wendy Berney
Hal Blackadar
Dale G. Blue
Carol Bongard
Marilynn Booth
Laura Boston
Prof. Robert Bothwell
Ashley Botting
D. Diane Bridges
The Rev. Philip Bristow
Phyllis Bruce
Manuel Buchwald, O.C.
Audrey Burke

Lt. Col. R.J. Chapman
Gordon F. Cheesbrough
Patricia Christie
The Rt. Hon. Joe Clark
Michael Cleland
Michael S. Cloutier
Charles S. Coffey
Senator Anne S. Cools
Jane Cooney
Pauline Couture
Dr. Michael C.J. Cowpland
David Crane
Gaetano Cruoi
Bob Culbert

Mark R. Daniels
Timothy S. B. Danson
Dr. Anna Day
Joseph A. De Mora
Frank Dimant
Wilfred S. Dinnick
The Hon. Charles L. Dubin
Virginia (Ginny) Dybenko

Edmond G. Eberts
William Eigen III

Hasnai Faheem
Mary Lou Fallis
W. Robert Farquharson
John H. Farrell
Anthony Fell
Crystal Fletcher
Kevin A. Francis
The Rev. Dr. Brian Freeland
Malcolm Freeman
Henry G. Friessen, M.D.

Norman Gardner
Dr. Riva Gerstein
John Gladstone
Margaret Godsoe
Dr. Jack L. Granatstein
Mary R. Granskou
Peter S. Grant
Josh Greenway
Doris Grinspun

Margaret (Grete) Hale
Richard S. Hallisey
Piers Handling
Dr. Linda Harasim
Anthony Wm. Harvey
John Hawco
John C. Hayter
Paul Henderson
John Honderich
Susanne P. Hudson
Monte Hummel
Robert J. Humphrey
Alan G. Hutton
Dr. Cameron Hyde

Brian C. Imrie

The Hon. Cam Jackson
Dr. Robin Jeffrey
R. Scott Joliffe

Zahra Kanji
Rev. K. Grant Kerr
Allan King
Norm Kirkpatrick
Chris Korwin-Kuzynski

Arthur S. Labatt
Claude Lajeunesse
Fung Fai Lam
Claude R. Lamoureux
Francis Lankin
Paul L'Archeveque

Arthur Lee
Jason Leong
Dr. Michael D. Levy
Judi Longfield
Jeffrey C. Lozon

Charles F. MacFarlane
David MacFarlane
Susan Mann
Roger L. Martin
The Hon. Anne McLennan
C. Edward Medland
Brent Merill
Alison Metcalfe
Catherine Mohamed
Afjal Mohammed
Richard Monette
Robert D. Morrice
Deborah Mulford
Dr. Heather Munroe-Blum

Dr. Ralph Nicholls
The Rev. Dr. John Niles
Peter Nixon

Thomas Bernard O'Grady
Joseph J. Oliver

Dina Palozzi
Henry J. Pankratz
Richard A. Peddie
N. Jane Pepino
The Hon. David R. Peterson
Gerry Phillips
Rev. Dr. Michael Pountney
Courtney Pratt
R. Anthony Pullen

Stephen E. Quinlan

Gary D. Reamey
Gail Regan
Susan Renouf
D.B. (Doug) Rice
Malcolm Roberts
David A. Rosenberg
Kenneth T. Rosenberg
Dr. Allen D. Roses
Laurence J. Russ

Mr. and Mrs. J. Sanderson
Albert Schultz
Gerald Sheff
David B. Shindler

Nelson M. Sims
Abigail Slater
Christine Smith
Carol Southcombe
The Rev. Bill Steadman
The Rev. Dr. Andrew Stirling
Jack Stoddart
Barbara G. Stymiest
Harry Swain
James F. Sward
Gary Switzer

Anne-Marie Thomas
Allan Tremblay
Ken Troy
Dr. George A. Trusle
Riki Turofsky

David G. Ward
R. Peter Washburn
Chris White
Sandra Whiting
Andrew Willis
Alex D. Wilson
David W. Wilson
William J. Withrow
Robert C. Wong
Durhane Wong-Rieger
Robert T. Wright

Mark S. Yamanda
Carmen Yarley

Adam H. Zimmerman

Auditors' Report

To the Members of
The Empire Club of Canada

We have audited the statement of financial position of The Empire Club of Canada as at April 30, 2000 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Club's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Club as at April 30, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Ontario Corporations Act, we report that in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

KPMG LLP
Chartered Accountants

Toronto, Canada
September 1, 2000

THE EMPIRE CLUB OF CANADA
Statement of Financial Position

	Year Ended April 30 2000	 1999
Assets		
Current Assets		
Cash and short-term deposits	$300,249	$ 354,574
Accounts receivable	16,850	17,145
Inventory	2,040	2,059
	319,139	373,778
Capital Assets	1	1
	$319,140	$373,779
Liabilities		
Current Liabilities		
Accounts payable	$ 16,171	$ 14,266
Due to The Empire Club Foundation	24,938	111,652
Provision for prepaid membership fees and unredeemed luncheon tickets	2,610	5,396
	43,719	131,314
Net Assets		
Unrestricted	255,844	222,888
Internally restricted for life membership	19,577	19,577
	275,421	242,465
	$319,140	$373,779

Signed on behalf of the Board

Douglas Derry
Director

Edward Badovinac
Director

The accompanying notes are an integral part of these financial statements.

THE EMPIRE CLUB OF CANADA
Statement of Changes in Net Assets for the Year Ended April 30, 2000

	Internally Restricted	Unrestricted	Total 2000	Total 1999
Net Assets, Beginning of Year	$ 19,577	$222,888	$ 242,465	$ 213,834
Excess of Revenue over Expenditures	—	$ 32,956	$ 32,956	$ 28,631
Net Assets, End of Year	$ 19,577	$255,844	$ 275,421	$ 242,465

The accompanying notes are an integral part of these financial statements.

Financial Report

THE EMPIRE CLUB OF CANADA
Statement of Operations

	Year Ended April 30 2000	1999
Revenue		
Membership fees	$ 28,623	$ 31,262
Luncheons		
Regular, net	41,374	49,683
Special	2,437	3,550
Head table sponsorship	57,700	63,650
Other sponsorships	24,600	21,900
Interest	14,102	12,652
	168,836	182,697
Expenditures		
Meetings	2,854	630
Members' notices	21,011	18,935
Office and general	11,906	11,013
Office salaries and employee benefits	55,219	47,302
Printing, stationery and postage	1,227	2,657
Publicity and promotion	2,380	2,290
Rent	11,636	11,389
Telephone	4,647	4,850
Yearbook donation and sundry expenses	25,000	25,000
Special contribution to The Empire Club Foundation	—	30,000
	135,880	154,066
Excess of Revenue over Expenditures for the Year	$ 32,956	$ 28,631

The accompanying notes are an integral part of these financial statements.

THE EMPIRE CLUB OF CANADA
Notes to Financial Statements
for the Year Ended April 30, 2000

1. *General*

The Club was incorporated under Letters Patent in the Province of Ontario on March 26, 1912. The principal function of the Club is to provide a forum for prominent people to address members of the Club and their guests on topics of current interest.

2. *Summary of Significant Accounting Policies*

(a) Revenue Recognition
Revenues are recorded on the accrual basis of accounting.

(b) Inventory
Inventory is valued at the lower of cost and net realisable value.

(c) Capital Assets
Capital assets, consisting of office furniture and equipment, are recorded at nominal value and additions are recognised as office and general expenditures in the year acquired. In the fiscal year ended April 30, 2000, a computer was purchased for $2,356.

(d) Due to The Empire Club Foundation
A donation to The Empire Club Foundation for the estimated cost of supplying the Club's membership with the yearbook of the current year is accrued each year.

(e) Deferred Revenue
Deferred revenue consists of membership fees paid in advance and unredeemed luncheon tickets.

(f) Statement of Cash Flows
A statement of cash flow has not been included as it would not provide any additional meaningful information.

3. *Internally Restricted for Life Membership*

Term deposits are segregated as funding to provide a continuing income stream to sustain the membership costs of life members.

4. *Commitments*

In December 1999, the Club entered into a lease agreement for premises expiring September 30, 2001. Minimum annual rental payments under this lease agreement are as follows:

2001	$9,400
2002	$3,900

The Empire Club Foundation

December, 2000

Ladies and gentlemen:

This yearbook is tangible evidence of the continued high level of activity of The Empire Club and the interesting and informed speakers who address our members and their guests. Bob Dechert and the Club executive and directors are to be congratulated on their success.

The index of speeches in this yearbook is included, with a synopsis of each speech, on the Foundation web site—www.empireclubfoundation.com—as are all speeches since the inception of the Club. The relevance of these speeches and the convenience of the web site are demonstrated by the escalating number of "hits" at our site. When we are able to include the speeches themselves on our site, we will have a truly valuable resource for members, historians and other researchers.

The yearbook is provided to members as one of the benefits of Club membership. The Empire Club Foundation also donates 1800 copies to public and educational libraries across Canada, and to Canadian embassies.

The yearbook is funded through the generosity of the many members and friends of The Empire Club of Canada. On behalf of the Foundation, I thank everyone who has helped to make this possible.

Sincerely,
Douglas L. Derry, FCA
Chairman

The Empire Club Foundation

Patron

Col. The Hon. Henry N. R. Jackman, CM, KStJ, LLD

Officers

Honorary Chairman: John W. Griffin
Chairman: Douglas L. Derry, FCA
Honorary Secretary: William G. Whittaker, QC
Honorary Treasurer: Ronald Goodall, FCA
Past Chairmen: Bruce J. Legge, CMM, CM, KStJ, ED, CD, QC
Robert H. Hilborn, LVO, MBE, CD
John A. MacNaughton
Reginald W. Lewis, CMM, CM, OStJ, CD

Directors

Warren Armstrong
Edward Badovinac
John F. Bankes
Douglas G. Bassett, QC, KStJ, O Ont., LLD, LITT
David Edmison
C. Warren Goldring
Frederick L. R. Jackman, PhD
Hartland M. MacDougall, CVO, OC
David G. C. Menzel, QC
Harry T. Seymour

The Empire Club Foundation

CONTRIBUTORS: 1999–2000

PATRONS ($1,000.00 or more)

- Derry, Douglas L.
- Dominion of Canada Insurance Company
- Glaxo Wellcome Inc.
- Goldman-Sacks
- Goldring, Warren
- Griffin, John
- Heaslip, Nona and William
- Hermant Family Foundation
- Jackman, Duncan
- Jackman Foundation, 1964
- Jackman, The Hon. H. N. R.
- MacNaughton, John A.
- Scotiabank

ENDOWMENT BENEFACTORS ($500.00 to $999.00)

Anderson, George
Badovinac, Edward and Jocelyn
Legge, M.Gen. Bruce
Mercedes-Benz
G. D. Searle, division of Monsanto
Turner, T.C.

BENEFACTORS ($250.00 to $499.00)

Astra Canada
Cameron, A. C.
Charlton, Catherine
Currie, Dorothy
Edmison, David
Goodall, Ronald
Lewis, Reginald W.
Medland, Charles
Squires, Alex
Royal Bank of Canada

DONORS ($100.00 to $249.00)

Baptiste, Sharon
Bilbrough, Walter
Blair, Willis
Brooks, R. L.
Dunbar, Carlyle
Duncanson, A. A.
Findlay, Bishop Terence
Goldring, Blake
Gotlib, Lorraine
Grosart, Mr. and Mrs. John
Heath, William
Johnston, James
Kaye, Carrie
Krynski, Dr. Zdzislow
Lander, Donald H.
Lawrence, Deloris
Leitch, John
Liddle, J. Peter
Lorenz, Wilfred
Lupp, John
MacDonald, H. Ian
Morrow, James L.
Morton, Murray
Nichols, Dr. Gerald

DONORS ($100.00 to $249.00) *continued*

Oakie, Alfred
Oatway, Richard
Pollock, Dr. Sheila
Potts, Mr. Justice J. H.
Presnail, William
Reid-Weston, Margaret
Roberts, Rev. Harold
Shuttleworth, N. L.
Stackhouse, Reginald
Tatlor, Patrick H.
Wilmot, Gwynethe
Wilson, R.
Zdzislaw, Krynski
Zygocki, Michael

Auditors' Report

To the Members of
The Empire Club Foundation

We have audited the statement of financial position of The Empire Club Foundation as at April 30, 2000 and the statement of operations and net assets for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organisations, the Foundation derives revenue from donations from supporters, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of expenses over revenue, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at April 30, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

KPMG LLB
Chartered Accountants

Toronto, Canada
December 28, 2000

Financial Report

THE EMPIRE CLUB FOUNDATION
Balance Sheet as at April 30, 2000 with comparative figures for 1999

	2000	1999
Assets		
Current Assets		
Cash	$ 3,530	$ 8,846
Short-term investments	153,000	12,000
Accounts and interest receivable	2,045	2,049
Due from The Empire Club of Canada	25,000	111,652
	$ 183,575	$ 134,547
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	$ 165,396	$ 105,896
Net Assets	18,179	28,651
	$ 183,575	$ 134,547

Signed on behalf of the Board

Douglas Derry
Director

Edward Badovinac
Director

The accompanying notes are an integral part of these financial statements.

Financial Report

THE EMPIRE CLUB FOUNDATION
Statement of Operations and Net Assets for the Year Ended April 30, 2000 with comparative figures for 1999

	2000	1999
Revenue		
Donations:		
The Empire Club of Canada	$ 25,000	$ 55,000
Supporters	22,505	21,970
Interest	2,568	412
	$ 50,073	$ 77,382
Expenses		
Yearbook	60,032	55,250
Database	200	15,162
Stationery, postage and other expenses	313	618
	$ 60,545	71,030
Excess of Revenue over Expenses (Expenses over Revenue)	(10,472)	6,352
Net Assets (Liabilities), Beginning of Year	28,651	22,299
Net Assets, End of Year	$ 18,179	$ 28,651

The accompanying notes are an integral part of these financial statements.

Financial Report

THE EMPIRE CLUB FOUNDATION
Notes to Financial Statements for the Year Ended April 30, 2000

1. *The Foundation*

   The Foundation was incorporated on January 22, 1969 under the laws of Canada as a non-profit organisation. The principal function of the Foundation is the publication and distribution of yearbooks, containing the texts of addresses to The Empire Club of Canada, to the Club's members and libraries across Canada. The Foundation's activities are funded by donations.

2. *Significant Accounting Policy*

   The Foundation includes donations in revenue when received except for donations from The Empire Club of Canada, which are included in revenue when pledged. The estimated cost of publishing and distributing yearbooks of the current year is accrued each year.

CONSTITUTION

As amended April 26, 1973

Organisation of the Club

ARTICLE I

Name

1. The Name of the club shall be The Empire Club of Canada.

Purpose and Object

2. The purpose and object of the club is to promote the interests of Canada and the British Commonwealth by the consideration and discussion of subjects and events relating thereto and by any other means appropriate to the facilities of the club.

Membership

ARTICLE II

Classes of Members

1. The membership of the club shall consist of:
   (a) Honorary members
   (b) Life members
   (c) Regular members
   (d) Corporate members

   All members of classes (a), (b), (c), must be the full age of eighteen years.

Honorary Members

2. Honorary members may be elected by the unanimous vote of those present at a meeting of the board of directors. They shall be exempt from the payment of fees but shall not have the privilege of voting or holding office and their membership shall be terminated at any time by a two-thirds majority of those present at a meeting of the board of directors.

Life Members

3. Members of the club in good standing (other than corporate members) and other persons regularly proposed may be elected life members by a two-thirds

majority of those present at a meeting of the board of directors. Life members shall pay such a fee in one sum as may be fixed from time to time by the board of directors.

Regular Members

4. Save as provided in Section 5 of this Article candidates for regular membership shall be proposed by a member in good standing and shall be elected by a two-thirds majority of those present at a meeting of the board of directors.

Save as provided in Section 5 of this Article regular members shall pay respectively such annual fees as may be fixed from time to time by the board of directors.[1] Members elected after the first day of March in any year shall pay one annual fee only in respect of the period from the date of election until the thirtieth day of September in the following year. No member in arrears for fees after January 1 shall be considered in good standing.

Corporate Members

5. Any company, partnership or business organisation shall be eligible for election as a corporate member. Applicants shall be proposed by a member in good standing and the application shall contain the names and positions of the persons nominated by the applicant as its representative regular members. The applicant and its nominated representatives shall be elected by a two-thirds majority of those present at a meeting of the board of directors. A corporate member shall be entitled to nominate such number of its representative regular members as may be fixed from time to time by the board of directors and shall pay such annual fee as may be fixed from time to time by the board of directors, provided that such fee shall not be

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[1] *By resolution of the Board, November, 1981, and under Article II, 4, of the Constitution, it was agreed that the club charge a lesser membership fee for spouses living at the same residence, and that this fee should be fixed annually.*

less than the aggregate fees which would have been payable on an individual basis by such representative members for the year in question. Save as in this section provided no fee shall be payable by or in respect of the representative regular members of a corporate member.

Directors

ARTICLE III

Duties and Powers

1. The affairs of the club shall be managed by a board of directors who may exercise all such powers and do all such acts and things as may be exercised or done by the club and are not by the by-laws or by law directed or required to be done by the club at a general meeting of its members. At all meetings of the board of directors the chairman of the meeting shall have a casting vote.

Number and Quorum

2. The board of directors shall consist of forty members of whom sixteen shall constitute a quorum. The board of directors shall include at least four past presidents of the club, one of whom shall be the immediate past president and three others shall be the three past presidents immediately preceding the immediate past president if they are willing and able to act as directors.

Election of Directors

3. A nominating committee consisting of five members of the board of directors and four other regular members of the club shall be appointed annually by the board of directors at least thirty days prior to the annual meeting and shall prepare a list of nominations for directors for the ensuing year. The chairman or acting chairman of the nominating committee shall report the nominations of that committee to the annual meeting at which the board of directors shall be elected, but nothing herein shall preclude the nomination of other persons for the office of directors at the annual meeting. If nominations do not exceed the number of directors necessary, the chairman of the

meeting may instruct the Secretary-Treasurer to cast one ballot in favour of those so nominated and thereupon such persons shall be declared by the chairman to have been duly elected. No person shall be elected a director unless he is a regular member in good standing and is a Canadian citizen or a British subject.

Meetings of Directors

4. Meetings of the board of directors shall be called by the President, or on a requisition signed by three of its members. Written notice of such meetings shall be given to each director five days or more before the meeting is to take place, provided that a meeting may be held at any time if all the directors are present or if those absent have waived notice of or otherwise signified their consent to such meeting being held in their absence or have approved or signified their approval in writing to the proceedings taken at the meeting. The board may appoint a day or days in any month or months for regular meetings, at an hour or place to be named, and of such regular meetings, no notice need be given.

Casual Vacancies

5. In the event of any vacancy occurring in the office of director, the remaining directors may fill the vacancy from among the members for the unexpired portion of the term of office of the person whose office is vacant.

Officers

ARTICLE IV

1. The officers shall consist of an Honorary President, an Honorary Vice-President, a President, First, Second and Third Vice-Presidents, an Honorary Treasurer, an Honorary Secretary, a Secretary and a Treasurer. The board of directors may from time to time elect or appoint such other officers as it shall deem necessary. The President and the Vice-Presidents shall be directors of the club but other officers need not be directors. No person other than the Honorary President and the Honorary Vice

President shall be eligible for office unless he is a member in good standing. The President shall, when present, preside at all meetings of the members and of the board of directors. During the absence or inability to act of the President, the Vice-Presidents in order of seniority shall act as chairman at such meetings and otherwise perform and exercise the duties and powers of the President.

Appointment of Officers

2. The board of directors shall meet as soon as convenient after their election for the purpose of appointing the officers of the club for the period ending April 30 in the next year but each officer shall continue in office until his successor is elected.

Casual Vacancies

3. In the event of a vacancy occurring in any office the board of directors may fill the vacancy for the unexpired portion of the term.

Honorary Auditor

4. An Honorary Auditor shall be appointed at each annual meeting. An audited statement of the finances of the club for the fiscal year shall be published annually and a copy shall be sent to each member.

Committees

ARTICLE V

1. The following standing committees and the chairman of each shall be appointed by the board of directors as soon as convenient after the election of the board:
   (a) Budget and Finance Committee
   (b) Speaker's Committee
   (c) Membership Committee
   (d) Constitution Committee
   (e) Reception Committee
   (f) Publicity and Public Relations Committee
   (g) Yearbook Committee
   (h) Head Table Committee

   provided that for any year the board of directors may by resolution elect not to appoint any one or more of such committees.

2. The President or the board of directors may from time to time appoint such other committees as may be deemed expedient.

Meetings of Members

ARTICLE VI

General Meetings

1. The club shall hold general meetings weekly, if possible, from October to April, both inclusive, in each twelve months with such intermissions as may from time to time be determined by the board of directors. Special meetings of the club may be called at any time by the President.

Annual Meeting

2. The annual meeting shall be held not later than April 30 in each year. At the annual meeting a report of the year's proceedings and work shall be submitted by the President and this report shall be accompanied by an interim report from the Secretary-Treasurer.

Notice of Meetings

3. Written notice of all meetings shall be given all members of the club before the date on which the meeting is to be held. Such notice shall be sufficient if addressed to the members, and deposited post paid in the post office in Toronto. The accidental failure or omission to give notice to any member shall not invalidate the proceedings at any meeting.

Quorum at Meetings

4. Sixteen members in good standing shall constitute a quorum at any meeting of the club, general, annual or special, and the chairman of the meeting shall have a casting vote.

Limitation of Business at General Meetings

5. No business other than the hearing of the addresses shall be introduced at any meeting of the club by any person

other than the chairman of the meeting, unless it has been submitted to the board of directors and received its approval.

Fiscal Year

ARTICLE VII

The fiscal year of the club shall end on such day in each year as may be fixed by the board of directors but unless so fixed by the board shall end on April 30.

Amendments

ARTICLE VIII

Subject to the provisions of The Corporation Act this constitution may be amended by the board of directors, but unless in the meantime confirmed by a majority of the members present in person at a meeting of the members duly called for that purpose, any amendment is effective only until the next annual meeting of members unless so confirmed thereat and, in default of such confirmation thereat ceases to have effect at and from that time, and in that case no new amendment of the same or like substance has any effect until confirmed at a meeting of the members.

Amendment to By-Law A

The President stated that the Directors at their last meeting had amended the General By-Law of the Club so that the first Vice-President could be designated in the future as first Vice-President and President-Elect. This change was required to be confirmed by the members and accordingly

ON MOTION DULY MADE, SECONDED, AND UNANIMOUSLY CARRIED, it was resolved that the following amendment to Paragraph 1 of Article IV of By-Law No. A be confirmed:

Officers

The officers shall consist of an Honorary President, an Honorary Vice-President, a President, a first Vice-President and President-Elect, Second and Third Vice-Presidents, an Honorary Treasurer, an Honorary Secretary and a Secretary-Treasurer. The Board of Directors may from time to time elect or appoint such other officers as it shall deem necessary. The President, the First Vice-President and President-Elect, the Second Vice-President and the Third Vice-President shall be directors of the Club but other officers need not be directors. No person other than the Honorary President and the Honorary Vice-President shall be eligible for office unless he is a member in good standing.